DOCUMENT RESUME

ED 059 492 AC 012 396

AUTHOR	Moot, Robert C.; And Others
TITLE	Why Customers Buy (And Why They Don't).
INSTITUTION	Small Business Administration, Washington, D.C.
REPORT NO	Topic-16
PUB DATE	Aug 67
NOTE	65p.
AVAILABLE FROM	Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402 ($1.25); Small Business Administration, Washington, D. C. 20416 (on loan basis)
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	*Administrative Personnel; Audiovisual Aids; Bibliographies; *Business Administration; Case Studies (Education); *Course Objectives; Distributive Education; Instructional Materials; Lecture; Lesson Plans; Library Facilities; *Management Education; Manuals; Professional Continuing Education; Research; Stimuli; Teaching Guides; Teaching Techniques; University Extension

ABSTRACT

The 16th publication in a series of subject presentations in the field of administrative management for use by educators and businessmen who teach management courses is presented. These presentations are intended to be particularly useful to Distributive Education in the smaller community where library research facilities are limited and equipment for the production of visual aids is not readily available. The lecture is designed to be presented to the businessman in nontechnical language. The Lesson Plan is an outline of the material covered which may be used as a teaching guide. The Presentation may be used as written or modified to meet local needs and conditions. The Visual Aids are photographic copies of the set of visual aids which are available for this topic. These visuals are 8- by 10-inch colored transparencies prepared for use on overhead projectors. The Supply Department contains materials which may be reproduced locally for distribution to course participants. Cases in Point are short actual small-business management cases which may be used to augment the presentation and to develop discussion. The Incubator contains ideas for stimulating further thought and discussion by the participants. A bibliography and list of Small Business Administration field offices are included. (CK)

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WHY CUSTOMERS BUY (AND WHY THEY DON'T)

ADMINISTRATIVE MANAGEMENT COURSE
SMALL BUSINESS ADMINISTRATION

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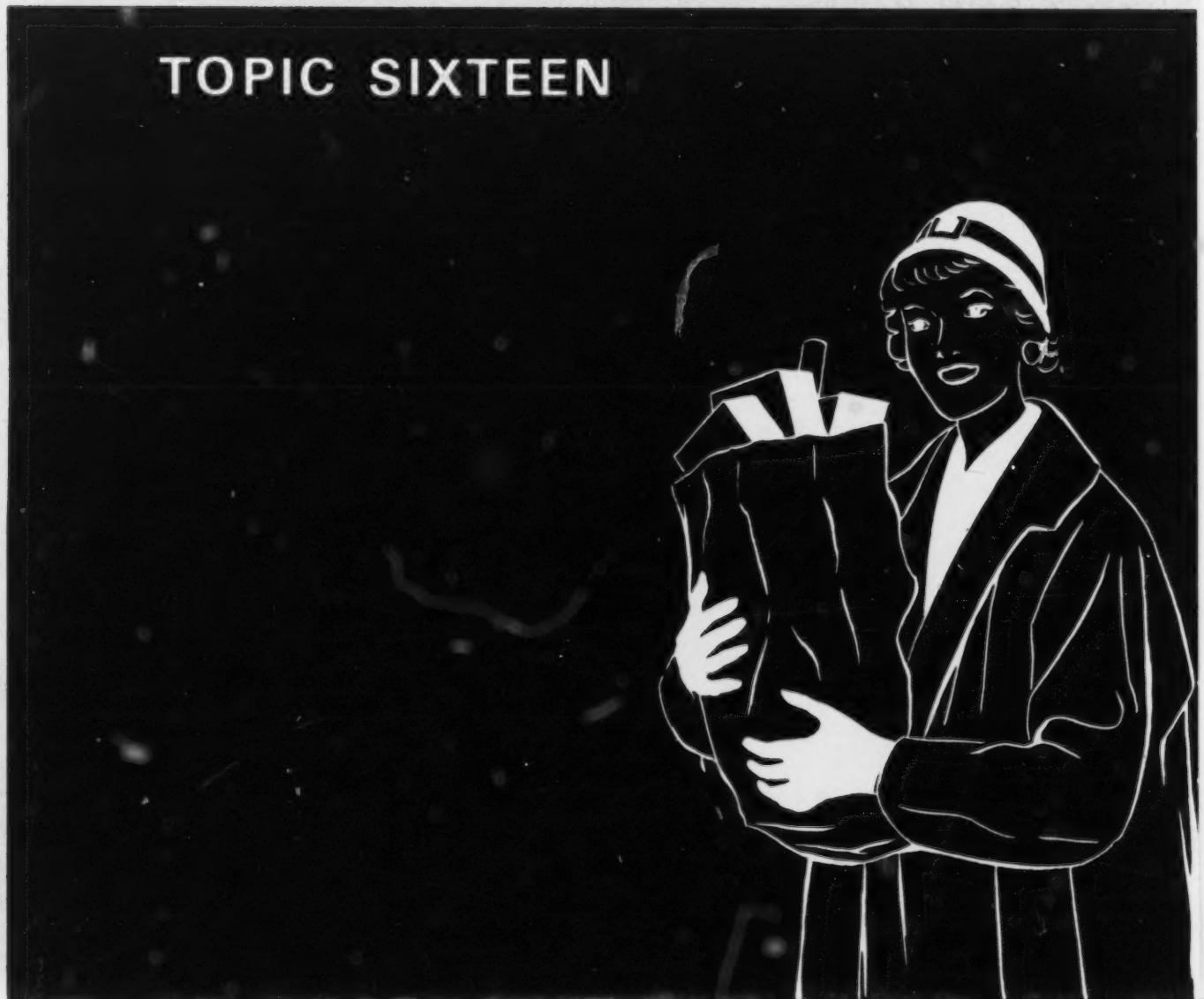
WHY CUSTOMERS BUY

(AND WHY THEY DON'T)

ADMINISTRATIVE MANAGEMENT COURSE
SMALL BUSINESS ADMINISTRATION

TOPIC SIXTEEN



SMALL BUSINESS ADMINISTRATION

Robert C. Moot, *Administrator*

PROCUREMENT AND MANAGEMENT ASSISTANCE

Irving Maness, *Associate Administrator*

OFFICE OF MANAGEMENT ASSISTANCE

Murray W. Kramer, *Director*

EDUCATION DIVISION

Wendell O. Metcalf, *Chief*

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FOREWORD

This booklet was prepared for the Administrative Management Course Program. The program was developed by the Small Business Administration to bring sound management knowledge and procedures to the owners and managers of small businesses. Rapid progress of this management education undertaking has been realized through cooperation of educational institutions throughout the nation. In 13 years more than 1,200 universities, colleges, and local school systems have cosponsored over 6,000 courses with this Agency. Approximately 200,000 owners and managers of small businesses have attended these courses.

The participation of these hundreds of educational institutions is a distinguishing demonstration of public service. There remain, however, thousands of small-business owners and managers who have not yet had the opportunity to attend an administrative management course.

This is the first booklet in a second series of subject presentations on administrative management intended to serve small-business management needs.

The booklets are prepared specifically for use in the SBA program of management courses but may find application in a wide range of training situations. To enhance their utility lesson plans, lectures, visual aids, case studies, and handout material are included. Smaller communities where library research facilities are limited and equipment for the production of visual aids is not readily available should find them especially useful.

It is also expected that they will assist other management improvement programs, will emphasize the importance of continuing education for small-business owners and managers, and will be helpful to the busy instructor with his preparation. Another application is to assist community planning groups in implementing the educational provisions of the Economic Opportunity Act of 1964.

The preceding series of administrative management subject presentations consists of 15 booklets identified by "Topic 1" through "Topic 15." The present series will continue the number sequence and begin with "Topic 16."

The author of this booklet, Lee D. Davis, is a recognized author of business and program publications, and former president of an audio visual firm. The booklet was prepared with the supervision of Dr. Weston R. Clark, Education Specialist, and the administrative direction of Wendell O. Metcalf, Chief, Education Division.

ROBERT C. MOOT,
Administrator.

AUGUST 1967

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* A set of the visual aids is available from the nearest SBA regional office (see inside back cover for listing). These visuals are 8- by 10-inch colored transparencies for use on overhead projectors.

** Among the materials prepared as "handouts" to participants are several SBA free publications. Current information on the availability of suggested and new SBA publications may be obtained from the nearest SBA office.

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A WORD ABOUT THIS SESSION

This publication, one of a series, is directed toward teaching management skills to the small-business man. When the term "management" is used, it refers to administrative management functions rather than to purely operational features of business. Persons or organizations interested in cosponsoring small-business management courses may obtain a complete list of available subject presentations and be provided on loan a selection of needed booklets from the nearest Small Business Administration field office (listed on the inside back cover). Single booklets or complete sets may be purchased from the Superintendent of Documents, Washington, D.C. 20402.

This topic, "Why Customers Buy," was prepared to aid in teaching one session of a basic course. It contains sufficient material for a 45- to 60-minute lecture which is usually followed by a discussion period. The management *case* can be used to extend the session or to form the basis for a second session on the topic.

The lecture material is designed as the basis for a presentation to the businessmen in nontechnical language. It represents *one* approach to teaching *motivation for buying*. It is expected that instructors may wish to modify or revise the lecture according to their personal background and experience in the subject area. They may find it desirable to adapt the treatment to meet the training or special needs of their participants. Should time limitations necessitate shortening the presentation selected deletions are feasible. Suggestions for deletion include the last half of section V, Uses of Sales Psychology, treating *hidden desires*, the latter part of VI, Product Preference, on *packaging* and if necessary, all or parts of VII, Where to Shop and/or VIII, The Importance of Price. These parts could be omitted without destroying an effective sequence of subject treatment.

This topic may be handled by a marketing specialist, a psychologist, or another whose training, experience, and interest qualify him.

The various sections of the publication are separated by divider sheets of different colors. On the following page, these colors are given and the contents of the sections are briefly described.

Gray—*The Lesson Plan.* An outline of the material covered which may be used as a teaching guide, or as a framework for developing an individualized presentation. The lesson plan contains two columns: The left-hand column is an outline of the presentation; the right is a step-by-step indication of procedure, including chalkboard suggestions, quotations, discussion points, and a keyed guide to the visual aids supplied.

Rust—*The Presentation.* A carefully prepared subject presentation which may be used as written or modified to meet local needs and conditions. It may also be used as a source of information by a person preparing his own lecture.

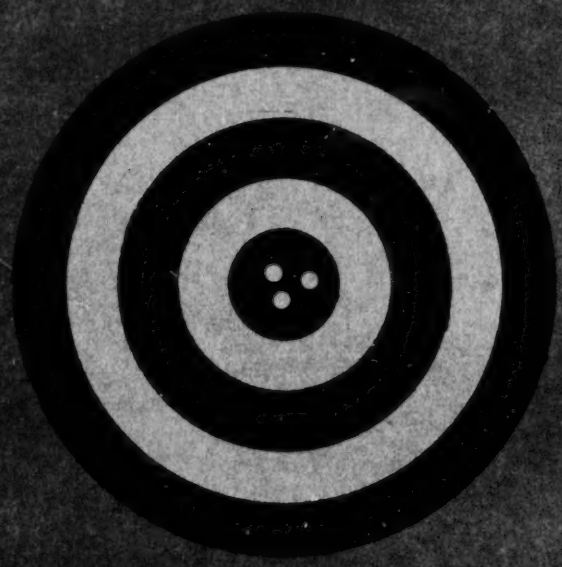
Buff—*The Visual Aids.* Photographic copies of the set of visual aids which are available for this topic. These visuals are 8- by 10-inch colored transparencies prepared for use on overhead projectors. The subject presentation and lesson plan are keyed to the visuals. A set of visuals for each subject in this series may be borrowed from the nearest SBA regional office.

Green—*The Supply Department.* Materials which may be reproduced locally for distribution to course participants. Your nearest SBA office can furnish information on current availability of SBA free publications, including titles published subsequent to this volume.

Yellow—*Cases in Point.* Short actual small-business management cases which may be used to augment the presentation and to develop discussion, or as the basis for a second session on the same topic.

Blue—*The Incubator.* Ideas for stimulating further thought and discussion by the participants. This material may be reproduced locally for distribution to course participants. "Assignments" are designed to aid in retention of the subject matter of the session.

NOTE: See back cover for index reference to the divider sheets.



THE LESSON PLAN

A Keeping on Target

Section

INSTRUCTIONAL FORMAT SHOULD BE STIMULATING

Use The Three B's

- ***Base*** instruction on problems at learners level.
- ***Blend*** instruction with job experience.
- ***Brighten*** instructions with variety of ***illustrations, investigations*** and group ***participation.***

FOUR BASIC STEPS OF INSTRUCTION

Instructing is like selling - -

Selling	Instructing
1. Approach customer Promptness Put at ease Awaken ***interest***	1. Prepare the group Start on schedule Put group at ease ***Awaken*** interest
2. Present merchandise or service Select merchandise to fit need Show one item at a time Demonstrate ***selling points***	2. Present information Gauge material to needs Present one point at a time ***Show, illustrate, question***
3. Have customer take part Get merchandise into customer's hands Let customer "try on" merchandise Answer questions and meet objections	3. Have group participate Get group to ***discuss*** Have members ***demonstrate*** or ***use*** ideas Answer questions and correct errors
4. Bring sale to close Help customers decide; ask: "which" "for whom" "when" Be sure merchandise fits need Summarize points of care and use Handle mechanics of sale Pave way for return visit	4. Bring meeting to a close Check on understanding; ask: "why" "how" "when" "what" "where" "who" Be sure group now can use information Summarize "take away" ideas Make a definite conclusion Pave way for next session

How To Deal With "Difficult Customers"

	What To Do
THE "MOUTH"—wants to do all the talking.	**Take the play away from him by asking others to comment on his remarks.** **Deliberately turn to others and ask for their opinions. Avoid looking at him.** **Tactfully ask him to give someone else a chance, or talk to him in private.**

THE "ARGUER"—constantly tries to catch you up.	**Keep cool. You can never "win" an argument. Always make him back it up. Ask for evidence.** **Avoid getting personal.** **Refer the question to the group and then to him.**

THE "MOUSE"—is in every group.	**Call him by name and ask him for an opinion. Ask him an easy question he is sure to answer well, then praise him. This person is worthy of your attention.**

THE "SO-WHATER"—is disinterested.	**Point up something he has done as a good example of the point being stressed. Ask direct questions affecting his work.**

LESSON PLAN

TOPIC: WHY CUSTOMERS BUY (And Why They Don't)

OBJECTIVES: **To develop an understanding of why people buy things**

To stimulate the development of customer relations programs.

To emphasize the need for customer centered marketing techniques.

To suggest ways of effective selling.

SESSION CONTENT	TIPS AND APPROACHES
I. INTRODUCTION	Visual #1
A. Complexity of buying motives	Tell Jim Moran Eskimo story or other appropriate opening.
B. Reasons fundamental to business	
II. WHY PEOPLE WANT THINGS	
A. Must *want* to buy	Point out reasons for wanting may not be accepted reasons.
1. No customer buys unless . . .	
2. "Want" is key word	
B. Life needs	
1. Food and water	Get audience to suggest these.
2. Protection	
3. Exercise	Visual #2
4. Rest	
C. Also psychological desires	Visual #3
1. Security	
2. Status	
3. Recognition	
4. Satisfactions	
a. Aggression	Visual #4
b. Sensibilities	
c. Sex	
D. Wants extensions of needs and desires	
1. Needs and desires interrelated	Point out more than half of products didn't exist before war.
2. Wants not static	

III. BUYING MOTIVES

A. People turn wants to buying motives

B. Partial list of motives

Visual #5

1. Imitation
2. To be in style
3. Profit
4. Convenience
5. Knowledge
6. Comfort

Get audience to develop the underlying needs and desires.

C. All decisions based on motives

Ask audience to state buying motives of last major purchase and underlying wants

IV. MOTIVATION RESEARCH

A. Given motive not the real one

Quote Scarlett O'Hara's nanny.

B. MR uses psychology and sociology

Visual #6

1. Conscious
2. Suppressed
3. Unconscious

C. MR takes some of mystery out of why

Give case of farm machinery color.

1. Maybe 95% hidden
2. MR success proves great effect

D. Hidden Motivators

Visual #7

1. Attitudes
2. Color
3. Shapes and symbols
4. Quality
5. Product sensations

V. USES OF SALES PSYCHOLOGY

Point out that people buy "means of making holes," not a hand drill.

A. Search for buying motives

Explain sales psychology and buying motives involved in selling the refrigerator to the Eskimo.

B. Think up reasonable basis to support hidden motives

C. Psychological traits

1. Friendly—affectual needs
2. Arrogance—ego bolstering needs
3. Methodical—needs structured situation
4. Shy—ego-defensive needs

D. Buy merchandise with MR in mind

Visual #8

VI. PRODUCT PREFERENCE

A. Package is more than a container

B. People build images

1. Transfer package qualities to product
2. Conscious and unconscious image

Cite Hershey Chocolate and the fact that 50% said they saw ads when none ever ran.

C. Brand names and words trigger association

D. People don't really like "new" products

E. Small sensations may make difference

Tell audience that man chooses a wife subjectively by cute nose, eyes, hair. Why think he chooses soup more objectively.

F. Hard sell colors and claims attract but may scare away sale

Visual #9

VII. WHERE TO SHOP

A. Images of firms like products

Visual #10

B. Convenience more than geography

C. Demand intensity for buying

Visual #11

1. Emergency
2. Necessity
3. Convenience
4. Luxury

D. Retailing is a product—its package the store

VIII. THE IMPORTANCE OF PRICE

A. Price effectiveness

1. Shop price on essentials
2. Price last on specialty
   a. Price often equated with quality
   b. Little thought to price on small investments

Tell about cosmetic that didn't sell at 49¢—broke records at $1.29.

B. Success of discounts on "loss leaders"

Visual #12

C. Ceiling and floor on price level

IX. WHY PEOPLE DON'T BUY

A. Cardinal sin—stopping buying motive

Tell about car salesman who ridicules customer's question about safety.

B. Saying no

C. Clerk's bad attitude

Visual #13

1. Showing favoritism to another buyer
2. Lack of helpfulness

Use progressive disclosure technique.

D. Pressuring the customer

1. More sophisticated now
2. Suspect motives of pressure

E. Damaged images

1. Dirty merchandise
2. Bad housekeeping
3. Merchandise not in character
4. Misleading ads

F. Lack of motivation

X. CUSTOMER RELATIONS

A. Make customer the center of your business

Visual #14

1. Customer still right
2. Management decisions for his benefit

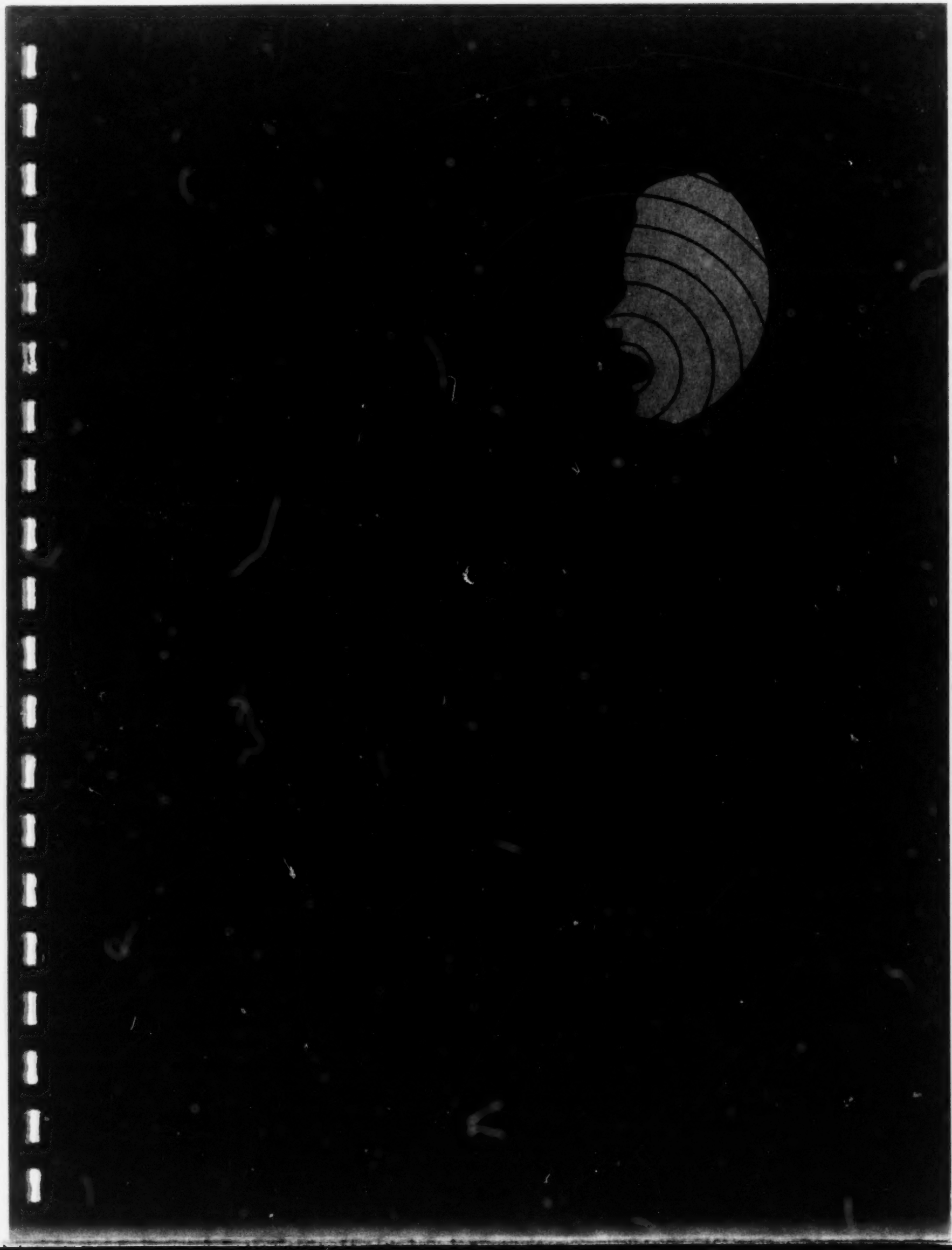
B. Revise marketing plans with sales psychology in mind

Discuss. Ask for examples.

C. Rate your business the way customer does

1. Can he find:
   a. What he wants
   b. When he wants it
   c. Where he wants it
   d. At a "cost effective" price
2. Does your business *motivate*?

D. Train personnel in buyer psychology and motivation techniques	
E. Re-examine building, organization, personnel and operations in terms of customer satisfaction	
XI. SELLING TECHNIQUES	
A. List of Do's and Don'ts 1. Search for motives 2. Sell benefits 3. Positive attitudes 4. Be helpful 5. Overcome objections 6. Get "yes" mood 7. Don't interrupt motives 8. Appeal to trait 9. Don't show favoritism 10. Avoid pressure 11. Others	Have the class construct points of selling technique.
B. *Listen* to customers as well as talk	
C. Gear sales talks and advertising to appeal to needs, desires and motivations 1. Aggressive TV and exagerated claims no longer work 2. Study the MR techniques of your best products	Find standard ad in paper on product features only and ask for ideas to rewrite it.
XII. SUMMATION	
A. Selling is less logic, more emotion	Visual #15
B. Make customer feel important	
C. *Satisfy* the customer	
D. Comes back to selling what customer wants and helping him want what you sell	Go back to story of Eskimo and refrigerator. $50 because he wanted. He wanted because sold benefits that food would keep from freezing so hard in winter. When you know why they buy, you can even sell ice boxes to Eskimos!



WHY CUSTOMERS BUY

(And Why They Don't)

INTRODUCTION

Back in 1934 a press agent by the name of Jim Moran made headlines when he went to Alaska for the sole purpose of selling a refrigerator to an Eskimo. The fact that he was successful was what made the news. You see, the idea that anyone would buy something not needed is somewhat surprising to us. Looking at the story on the surface, we might raise grave doubts about the need of an Eskimo, living in Alaska at that time, to refrigerate anything. Today, most American Eskimos, like all the rest of us, live in heated houses and have as much need as you or I to own a refrigerator.

But let's assume that this Eskimo, who. it seems, was named Charlie Pots-To-Lick, did indeed live in an igloo and at the time subsisted on the usual Eskimo diet, and that, in fact, he could not possibly have needed a refrigerator for the usual purposes. Are there other reasons why the Eskimo would buy a refrigerator? Are there substitute uses? Might Charlie have wanted the satisfaction of owning it or want the status that would go with being the "first" Eskimo to own one? And what did Charlie's wife have to say about it? Was she the deciding factor?

You see, this matter of why someone buys something is more complex than you might have thought. But for anyone in business the reasons why customers buy OR DON'T BUY are fundamental matters. Fortunes are made and lost on just how well the businessman knows the answers.

WHY PEOPLE WANT THINGS

We can start by saying that a customer must *want* any product more than he wants the money it costs before any sales transaction can take place. I haven't said that his reasons have to be the established or accepted reasons but he must somehow want the product. If there weren't some overriding basis for Charlie *wanting* that refrigerator, Mr. Moran's pitch could only have ended with a

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NO SALE. No customer, no matter how rich and no matter what the demand, is likely to be sold, at any price, if he does not *want* the product.

Life Needs

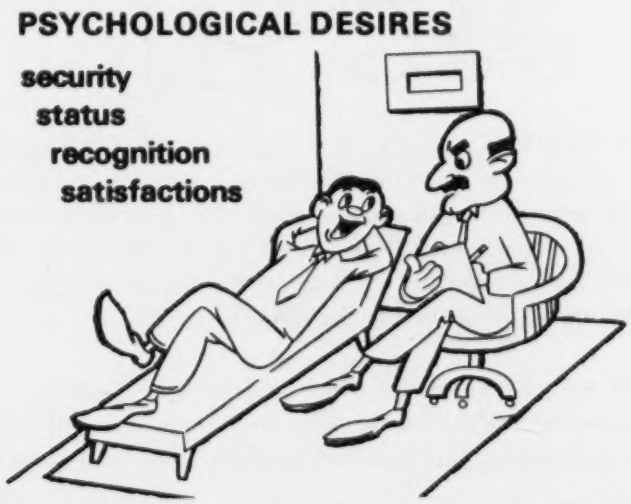
The key word seems to be "want". The buyer has to *want* something. So we should try to get at the question of why people want things. That sounds simple enough. Let's see if it is.

All of us know there are certain basic *needs* that are biologically fundamental to life.

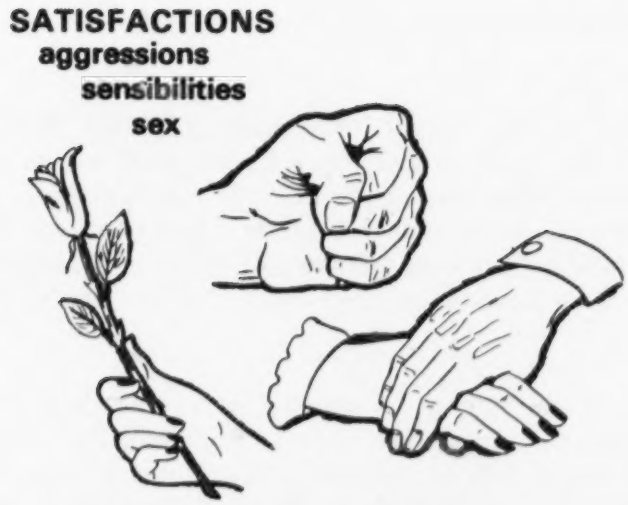
These needs are so strong that they are often referred to as fundamental drives. In many societies, even today, the "wants" of the people are simple satisfactions of these subsistence needs. The things these people want are: enough to eat, a shelter from the weather, clothing suitable to the climate, exercise to stay fit and ample rest to maintain strength and health.

Psychological Desires

But the psychologists tell us that there are other "needs" imposed on all of us by civilization—even primitive civilization. Perhaps a better word than "needs" is to call them "*psychological desires*", although they are often as strong as or stronger than the biological needs.



What is more, we universally desire satisfactions: satisfaction of aggression, satisfaction of our sensibilities and satisfaction of sex. Some psychological "desires" are even more important than, or even fundamental to, the life needs but for our purposes the total list of needs and desires represent the basis for the things people want. All our wants, no matter how sophisticated, are extensions of these basic life needs and psychological desires. Of course, we must recognize that needs and desires are inter-related. We seek not to satisfy a *need* for shelter--we *desire* a good comfortable home and we *want* it in a good neighborhood. And just filling our stomachs isn't enough—we *want* meat—and not just hamburger but sirloin steak, even if the two are equally nutritious.



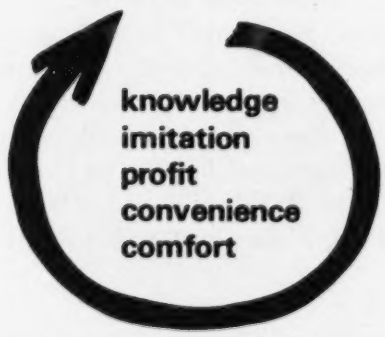
Of course, our wants are not static. They keep changing with our environment and with fashion. Evidence of that, I think, is in the fact that more than half of all the products you sell, didn't even exist before World War II. And a lot of the old ones are missing!

BUYING MOTIVES

Well, what has all this got to do with business? Just this: our wants, whether biological or psychological, are turned into *buying motives* in the market place. So if you could just identify what needs and desires your customers have, you ought to be able to sell them every time by appealing to and supporting those needs and desires. Only it isn't that easy. People as individuals interpret their needs and wants differently. In fact, their wants can get awfully complex and mixed up before they become motives.

Even if we took the rest of our session to name all the buying motives, we still would only come up with a partial list. But we can come up with some common ones and examine how the motive has a basis in one or more of the needs and desires we have previously noted.

BUYING MOTIVES
(a partial list)



One of the most common is this one, "Imitation." That's the one of keeping up with the Joneses, which you hear so much about. What psychological desires are served by imitation? (Pause) Of course, status, recognition, maybe even satisfaction of the sensibilities and of aggression. Don't underestimate the importance of imitation. Thousands of underwear workers were thrown out of work just because Clark Gable didn't wear an undershirt in one motion picture. And how many teen agers failed to get haircuts because of the Beattles?

Here's one you all know, "To Be in Style." Pretty obvious that there is no basic life need served here. But what are the underlying reasons? Again, status, recognition, satisfaction of the sensibilities and sometimes, maybe even satisfaction of sex. *This* buying motive is loaded. You gamble a lot in

purchasing things that you think will be in style. You can get fooled but we'll talk later about how to watch the trends.

Here's a buying motive I like, "Profit." Sometimes it's called "Economy" but it amounts to the same thing. You even hear that profit is given as a buying motive even when it isn't true. But we're talking about motives, not facts. What needs and desires do you think *profit* serves? Security? Certainly. But what about aggression—you know, money is power? And don't you think profit indirectly serves recognition and status. Consider your own motives in buying or organizing a business. Wasn't profit your motive? And didn't it go beyond security? Don't you try harder for success in order to gain recognition and status?

Here's a broad one, "Convenience." I suppose in a sense the need for rest is served by convenience. But what psychological desires are served by convenience? Security? Not really. Status? Well, maybe but not importantly. Not recognition either. Does convenience serve as a satisfaction of aggression, sensibilities or sex? I don't think so. So what happened to our system? Here we have a buying motive and no really good need or desire to hang it on. Well, this is one of those cases where the buying motive is secondary to another. What we mean by "convenience" is the saving of time and labor. This in turn is generated by desires for status, security, recognition and the rest.

Here is a growing buying motive, "Knowledge." The most important desire served here is probably satisfaction of the sensibilities but it certainly serves status, security and recognition and doesn't it satisfy the desire for aggressiveness? We all desire to excel!

One final buying motive that you've heard many times is "Comfort." It serves the need for rest and the psychological desire to satisfy our sensibilities. Here, again, the buying motive may not rest on facts or logic as much as on the imagination.

All Decisions Based on Motives

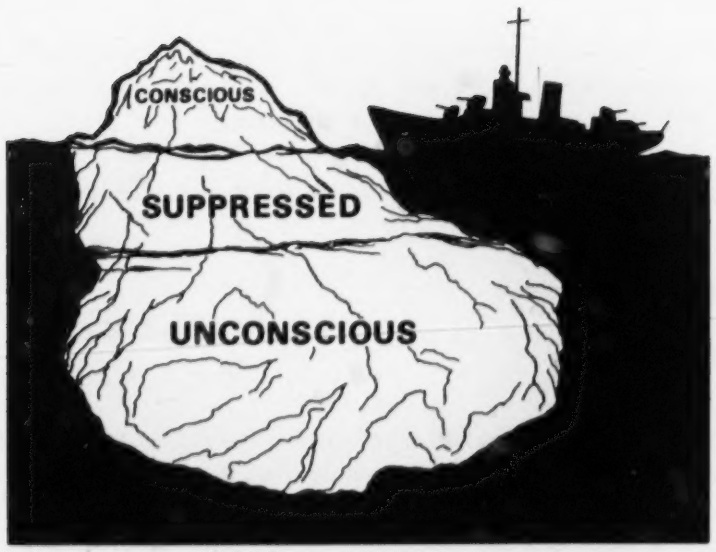
The point is, all buying decisions are based on buying motives. Take yourself—*you* buy things. Analyze your last major purchase. What were your buying motives? What underlying wants were served by them?

MOTIVATION RESEARCH

Well now, this psychology of customers is beginning to make some sense. I've just asked you what were some of your buying motives. So couldn't you get at the same answers in conversations with customers? Maybe you could find out their buying motives by asking what they plan to use the product for, or what features they were especially interested in having or where they were planning to put the product in their homes. You *could* ask these questions and they'd be helpful but they would give you only a fraction of the answer to their personal buying motives. The problem is summed up in what Scarlett's nanny said in *Gone With The Wind*. She said, "What gentlemen says they want and what they really wants are two different things!" The customer will give you one buying motive but it is not the real one.

In fact, I'd go so far as to say that the buying motives you just gave for your own purchases of a car, house or even a business machine were not your real buying motives. Not that you were trying to mislead—it's just that you may not know or can't admit, even to yourself, the real motives for your purchase. There is a whole new field of business research called *motivation* research that deals with this problem of finding the real reasons for buying.

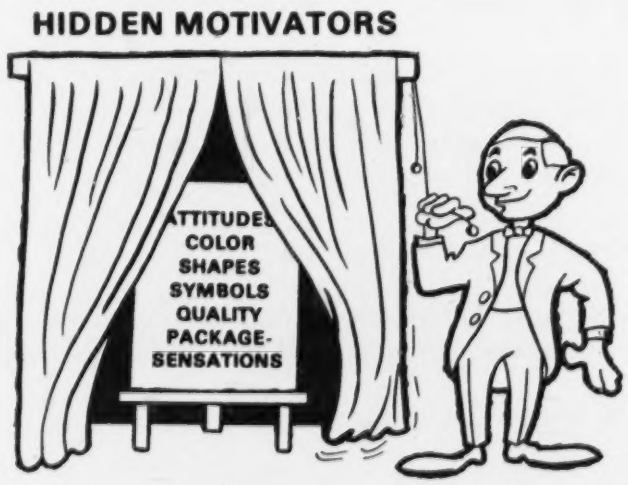
Motivation research or MR, as it's called, is done by specialists with backgrounds in the social sciences—mainly in psychology and sociology. They have learned that all our buying motives, like all our actions, are generated on three levels: *conscious motives,* which are the reasons we *say* we buy something; *suppressed motives,* which are underlying reasons we are aware of but that we can't admit or perhaps don't want to think about; and unconscious motives, the very real reasons of which we are not aware.



Until the advent of MR most business selling research was concerned with "what" consumers did rather than "why" they did it. There were some pretty drastic mistakes made when large companies based their marketing decisions on previous statistics or on what people *said* they wanted, rather than on what they really wanted. To a large extent motivation research has taken some of the mystery out of telling us why customers act as they do. It is by no means foolproof and MR people are the first to admit that there are some irrational factors that MR can't deal with. But it has become an important part of marketing research which helps us explore motives more fully and systematically.

A case in point is in the selling of farm machinery. It had always been thought that industrial machinery sales were generated solely by profit and efficiency motives. But it was learned through MR research that farm machinery sells better when it is painted in eye-attracting colors and the more bright colors used, the better the farmers like it. But the motivation researchers also learned that farmers seldom admitted this preference for color so the marketing strategy devised called for supplying conscious motives such as the safety of *color* coding and more effective handling of *colored* controls.

The interesting thing to note is that the MR people have come up with the startling revelation that as much of 95% of all our buying motives are either unconscious or subconscious. While many might contest the accuracy of that high figure, suffice it to say that the successes of motivation research do indicate that we are greatly influenced by *hidden* buying motives.



So we would do well to consider some of MR's more basic ideas. MR has shown that consumers are more influenced by *attitudes* than by objective facts. They have demonstrated that *color* of both products and surroundings affects sales. It has been proven that *shapes* and *symbols* directly affect sales. And believe it or not, they have demonstrated that quality may be a hidden motivator as well as a conscious one, in fact, even to the motivation researcher "quality" still stands as the most important single factor in a sale. And MR has shown us that package sensations are tremendously important as

hidden motivators. They've found a lot more, too, like the fact that appealing to a young couple on the basis of "just like their parents used to use" can negate the buying motives and yet, appealing to the same couple on the basis of "newness" may be equally damaging.

We'll talk some more about motivation research when we talk about why people buy specific products or stop in a particular store.

USES OF SALES PSYCHOLOGY

But let's see if we can put all we've discussed into some kind of perspective and then talk about ways to apply what we've learned so far to your own business.

We might start by going back to consider our Eskimo friend again, Charlie Pots-To-Lick. Unfortunately, the reports of the newsmen of that day don't tell us all we'd like to know about Charlie. But we do learn that he was a well-to-do village leader who, by Eskimo standards at least, was pretty sophisticated and wise in the ways of the world.

We can go on to surmise that the *idea* of a refrigerator was already pretty well known to him. Hadn't he, after all, spent many a bright arctic night reading copies of *Saturday Evening Post, Liberty* and *The Woman's Home Companion.* And, surely, Charlie had been fascinated by those bright magazine ads, especially the ones with colorful drawings of icebergs, northern lights and those cute and interesting, if somewhat fanciful, Eskimo girls opening the refrigerator doors.

Undoubtedly, Charlie liked the attention he was getting from the refrigerator salesman and the reporters and photographers. But he is mainly interested in the refrigerator . . . in fact he'd kind of like to have it, he thinks to himself.

We can suppose Moran gives Charlie a chance to get good and interested. He's careful not to rush things but he approaches Charlie pleasantly and says, "It's pretty, isn't it?"

To which Charlie quietly agrees and adds, "A man would be proud to own one of these."

Search for Buying Motives

Aha, Moran thinks. Motive number one. Pride of ownership or to put it another way . . . recognition and satisfaction of sensibilities. Reflecting a "proud" image himself, Moran opens the refrigerator door as if it were made of solid silver, and says, "I guess whoever buys this will own the first refrigerator in these parts; that's reason enough for him to be proud."

"Does it cost a lot to run?", asks Charlie.

"Just pennies a month" says Moran, noting buying motive number two, economy. "Not only that but it won't take a lot of maintenance; it's well built out of good quality materials," Moran adds.

Charlie replies, "Well, it'd be nice and convenient but I don't know."

Motive number three, *convenience,* but Moran better watch it, a negative note crept in. He counters with, "Believe me, convenience *is* the word for this refrigerator. Imagine having all that food right there with just a flick of the handle. And with a real porcelain liner like this, there's the added convenience of its being easy to clean."

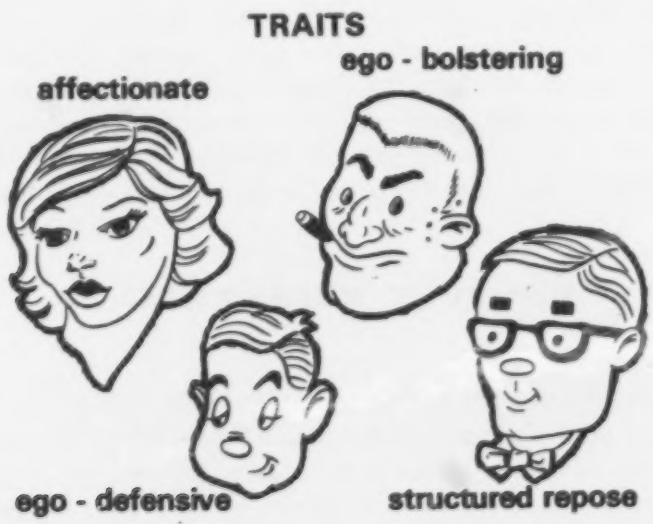
We could go on and on, developing buying motives and having Moran reinforce them but if this sales situation goes like most, somewhere along the line Charlie will offer some objections—what we might call *negative* buying motives. The obvious one here is to have Charlie say, "yes that's true enough but what good is a refrigerator to keep food *cold* in an Alaskan winter."

And while we leave Moran to ponder that one awhile, let's consider Charlie's unconscious motives. We'll never know for sure but isn't it possible there are hidden, unconscious pressures on Charlie to buy that refrigerator? What about that lingering image of the Eskimo girl in the ad? And isn't it possible that Charlie finds some esthetic satisfaction in the design of that gleaming white refrigerator? And might there be some need for security that Charlie feels, that the refrigerator will serve? Is there possibly some underlying concern for Charlie's wife or child that will influence him? Well, suffice it to say, we recognize that Charlie and all of us have those underlying motives and they must be taken into account.

Enough of Charlie for awhile. Let's talk about you. The point to all this sales psychology is that you must sell to satisfy buying motives. This means stressing the *benefits* of the products you are trying to sell. Perhaps you've heard the saying, "A man doesn't go into a hardware store to buy a drill—he goes in to buy a means of making holes."

If you will do no more than search for the buying motives expressed by your customers and respond to them, you will go far toward increasing your sales power.

But there is a lot more you *can* do to improve your selling psychology than merely selling benefits or searching for buying motives. You can try to understand what hidden desires may be expressing themselves in your customer's comments and attitudes. You don't have to be a psychologist to recognize many of them because people give themselves away constantly in what they say and do. Maybe you've never thought about it this way, but you are always sizing up people, psychologically. You describe a customer as friendly . . . or arrogant . . . or timid . . . or methodical, and what you are really doing is relating your impressions of that person's dominant personality traits.



Appeal to Psychological Traits

And within reason those traits suggest the hidden motives that affect not only his purchases but virtually every action he makes. For example, take the customer you described as "friendly." The psychologists would probably say that person is affectionate or has dominating *affectional needs.* Broadly speaking, the hidden motivations of such a person is to seek constant emotional satisfactions in his relations with others. You can support these hidden motives by tying in conscious motive reasons to appeals to these unconscious needs. You say to the person who has affectionate needs that his friends will *admire* his taste in that selection or his wife will *love* him for his practical choice.

Likewise, you can appeal to a customer who seems to express arrogance or what the psychologist might correctly call *ego-bolstering* needs. This person's hidden motivation is to dominate others . . . to achieve something . . . or just to be important. You appeal to his hidden motives by making him feel important, by supporting his ego and telling him he is great. Use the direct approach with him. Tell him he has good taste and say, "This is a prestige item, only for those who know and can afford the best." and, "People in the office will sit up and take notice when you drive up in that."

The methodical customer may very well be a creature of habit. The psychologist might say he prefers a *structured situation.* You should appeal to what is familiar to him. You say, "This is the same high quality you had in the last one." or "Why change from a good thing?"

The customer you may have described as timid or shy, the psychologist might call *ego-defensive.* The hidden motivation here is a need for protection—to avoid physical or psychological harm or to avoid ridicule and loss of face. Appeals to safety are always welcome to this person. Tell him he will fit in with the crowd, or he'll feel right wearing this . . . or that the product is soothing and comfortable.

It's true that all of us occasionally display traits from each category but basically we tend to behave more like one than the other. Recognizing which behavior pattern you are dealing with can be a valuable aid in selling him.

In order to make these sales psychology techniques really work, I'd suggest that you write down some basic sales approaches appealing to the various buying motives and psychological types we have covered. It is amazing what a little planning in terms of your specific products can accomplish. If you have sales people working for you, teach them the psychology of selling and make it a point to analyze your sales techniques and promotions whenever you have the chance. Sales psychology may well be the best investment you'll ever make in terms of profit return.

Use MR In Purchasing

Where else can you apply knowledge of why customers buy? Well you certainly can put it to good use in the purchases you make. Ask yourself if the features represented by the product are ones that will support strong buying motives. It's a good idea to actually list them because you will need to know what they are in order to promote and sell the product. And don't forget the importance of MR. It doesn't take an expert to know if the product has basic appeal, not just what you like but solid appeal to most people. Ask yourself, which of the psychological behavior patterns will the merchandise appeal to? Sometimes merely asking the questions will cause a critical examination. And if you are still in doubt, ask the salesman for a report on the product's marketing research. He may not know but he's sure to do some digging and help you establish probable motivations for buying.

PRODUCT PREFERENCE

So, you see, we've turned from talking about buyers to the things they buy—the products. Why is it that certain products are preferred and sell far better than others? Of course, there are differences in product features but are the differences really as great as people believe? I think if you are completely objective about it, you'd agree that a lot of what passes for product difference is "in the eye of the beholder". Take gasoline, for example. Except for a selection of certain minor additives, gasoline of the same octane and grade is pretty much like all the other brands of that octane and grade. Yet most of us favor one or two brands over others. What we really buy when we select our favorite gasoline is an *image* that we have built up about that product and the company which sells it. Gasoline doesn't come in a package, certainly, but we have a *package concept* of its quality from the design of the stations, advertising campaign, personality of the attendants, company trademarks and general reputation plus a composite of experience we've built up with that brand.

The motivation researchers believe that it is this "package concept" that is the dominant factor in a purchase. *Package* in this sense is a lot more than a container—it is the total image we have of the product. But in actual package container design we can see how it works.

Consider detergents as an example. Except for those of you in the grocery business, I'd bet you'd be hard pressed to give an accurate description of any one package. Yet if your wife asked you to pick up a box of laundry detergent, you'd probably be drawn to certain packages with a feeling you "knew" these brands. And it may well be that you do, from TV commercials (which you probably hate and try to avoid) and from other ads. What you might be surprised to learn is that some of the brands you are drawn to haven't even been around for very long. For some reason women tend not to hold loyalties to

one detergent brand for very long so manufacturers keep coming up with new ones and flooding the airways with corny commercials which have proved superior to more tasteful ones, in spite of what you might think. But even if we had never been exposed to commercials, we'd still find ourselves drawn to one or another package. Somehow certain colors and designs suggest superior qualities for the detergent inside that box.

People Build Images

And when we choose a product, we do so largely on the basis of the image we have built up around that product. We "transfer" the package qualities to the qualities of the product inside the box. We are not generally aware of where our ideas of the product come from. A few years back some interviewers asked customers where they had heard or learned about Hershey chocolate. They all said they recognized the brand and more than half said they had seen television ads or ads in magazines which is curious since Hershey chocolate had never been advertised up until that time. That isn't to say that countless millions of well identified candy wrappers on grocery counters hadn't "advertised" Hershey but the company had never bought an inch of space or second of air time.

If you don't believe the importance of packaging, consider what has happened in countless preference tests where the same product was sent out in different packages but were said to be different. In one involving coffee, a specially designed container was preferred by more than 80% of those tested. As a kind of "reward" for participation the people taking the test were offered free samples of their preference of the three labels. But when asked if they cared if it was in a different container, almost all said no, as long as it was the same blend they had preferred in the test. Although they weren't conscious of it, they had imbued the coffee in the special jar with superior qualities. Consider, too, what happened when a major facial tissue company changed its package design to what they thought would be recognized as a handsomer package. Same name and same product but almost overnight that company lost 25% of their former market. There was obviously some unconscious image that affected sales.

Brand Names and Words Trigger Association

It isn't just a matter of package design that influences us, though. We are also affected by brand names and words and apparently they, too, are often on an unconscious level. Certain products have a "right" sounding name that triggers favorable associations or images when it is heard.

And, excepting the laundry detergent changes we mentioned, people generally do *not* welcome new products. Mostly we buy what we have bought before or has been out long enough for us to get a favorable image even if we haven't used it. Yet, new products are introduced at a fantastic rate, so rapidly, in fact, that there is not shelf space to accommodate them. So part of what manufacturers do to get acceptance is to build a campaign that creates product familiarity and they often pick package designs that "seem" more familiar than new and different. They may even resurrect a fondly remembered name of an old product and give it to the new one.

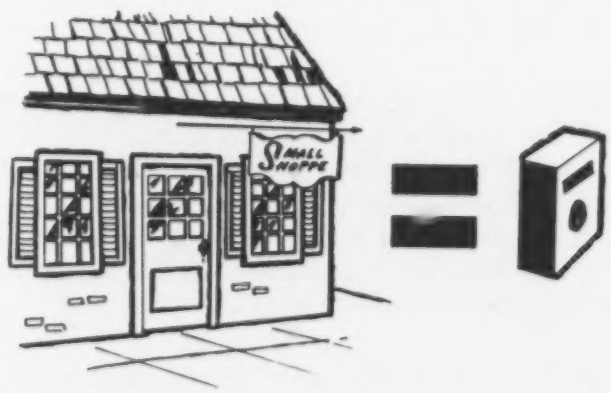
The motivation researchers have pretty much proved their point. Even small and seemingly insignificant package sensations may make a difference in sales. But don't ask a customer why he bought something and expect to get the real answer. The chances are great that he doesn't really know why he bought it because many of his motives were unconscious. After all, a man chooses a wife rather subjectively because of her "cute nose" or the "color of her eyes" or some indefinable "quality" he feels she has. Why, then, should we think he chooses a can of soup more objectively?

Finally, in our discussion of products and products as "packages" we need to mention color. Probably if asked, you would say you preferred one color. But that doesn't necessarily mean you would be attracted to a product of that color. It seems that we have an unconscious psychological reaction to colors, too. You might think that the brighter the color of the package, the more apt it is to be seen and picked. Not so, say the psychologists. In fact, colors that are too bold or that contrast violently with each other and thus attract attention are likely to be avoided. We know that certain colors trigger a reaction. We say blues are "cool," reds and yellows are "warm." But color combinations have an effect as well. Fire engine red may be powerful and vibrant against a gray or neutral background but become

bizarre and troublesome, say, in combination with certain bright greens. And when it comes to package colors, even the place the package is kept or used affects the color reaction. Certain bright, eye attracting colors for a product on the store shelves are avoided because their impact as a color in the kitchen would be distasteful. We can't take the time for a complete course in color psychometrics but suffice it to say for our purposes that color is *important.*

WHERE TO SHOP

This idea of a "package concept" isn't limited to the product. Firms also are a kind of package which we form an image about. Think about the stores where you shop. Is there one you would describe as "expensive?" Is there another you think of as "convenient?" I'll bet your wife has definite ideas about which clothing store is "fashionable." Where we choose to shop is largely affected by our image of those firms. That's why it is so vitally important for any firm to foster a desirable image of itself and to make decisions that do nothing to negate or cancel that image. The firm name, advertising, store layout, method of display, location and even the attitude of employees are all factors in creating the image of the firm.



Take a few seconds and consider what kind of image you desire for your firm. Now then consider how your firm appears to an outsider. Be honest about the evaluation. Does it really promote the kind of package image you want it to have? Is there some meaningful step you can take to improve it? Sometimes little impressions make a big difference in sales volume. One time a large restaurant doubled its volume merely by changing the color of its walls from "practical" gloss white to a subdued flat finish soft green.

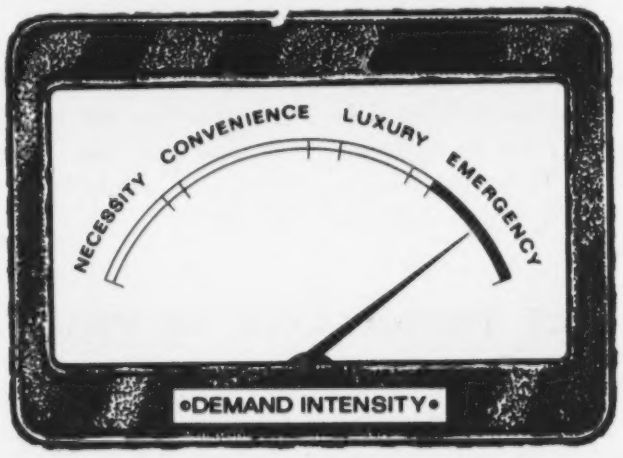
But, unfortunately, a firm's image isn't the only consideration in why people buy from one or another supplier.

Where people buy depends on a combination of factors. In order to sell, you've got to have the right product, at the right place, at the right time and at the right price or else there is no sale. Not only that but it even makes a difference in the customer's attitude toward that product. It may seem

incongruous, but the same person who will drive an extra mile to save a penny a pound on potatoes will think nothing of spending an extra nickel for a package of cigarettes bought at a convenient time and place.

"Demand Intensity" For Buying

This is due partly to what we call "demand intensity." We can classify the intensity for buying as emergency, necessity, convenience or luxury. Emergency purchases are made wherever is closest or wherever chance happens to place us when the emergency occurs. The chances are we can't take the time even to make the usual careful evaluation of the product or service. In fact, even price is of little or no concern when the demand intensity constitutes an emergency. We don't ask how much is a doctor going to cost, or how much the ambulance charges if someone is critically ill.



On the other hand, when we buy everyday necessities we tend to become much more value conscious. We shop around a bit, compare products . . . are attracted to what we consider especially good buys. Price is a dominant factor, usually, in the purchase of necessities. We tend, too, to stockpile necessities so may be attracted by volume discounts. The necessity buyer can be attracted by promotions and can be sold by the pointing out of product features and by value considerations.

Let's face it, there is fierce competition and we may recognize several companies as having a favorable image but we must also consider the matter of *convenience.* And being convenient doesn't necessarily mean being geographically close. How many times have you passed up a store in your car because there wasn't an available parking place and how many filling stations have you passed because they were on the opposite side of the street?

Convenience purchases aren't as urgent, certainly, as emergencies so we tend to be influenced more by chance encounters and don't shop as thoroughly for them as for necessities. The appeal is in their convenience and that's the dominant attraction with price only a secondary consideration. You can sell the convenience shopper by emphasizing the benefits.

The least intense demand is for luxury purchases. Here a customer may do considerable shopping and comparing of products. There is usually no urgency about the purchase. Since these purchases are made to satisfy the ego the buying motives are the dominant factor in the sale. Price may or may not be a consideration, in fact the higher the price, the more satisfaction the product may represent. You sell this shopper where he expresses his buying motives.

It might seem, of course, that a businessman has very little control over where his customers shop based on their "demand intensity" but except for some critical emergencies which are left largely to chance, location of the firm does have an effect on demand intensity.

Small neighborhood stores do well to meet emergency purchases by keeping longer hours and stocking the things people are likely to run out of. They are well advised to have a larger variety of products and to stock the smaller temporary sizes. They can often demand and get a higher than "normal" price. Larger stores that wish to appeal to necessity buyers should locate where there is maximum parking room and reasonably large customer potential. Such firms should be "price

conscious." Stores featuring convenience goods should locate in heavy traffic areas for maximum exposure and in areas where there are other stores to draw trade although relatively little direct competition. Stores featuring luxury items do well to locate in areas where there are affluent customers or in places where they tend to congregate.

Curiously, direct competition is of lesser importance than the reputation and image of firm. And if image of the firm can be made strong enough, it can completely overcome its location as has been the case with certain luxury food stores like S.S. Pierce in Boston and Harrod's in London and the famous jewelers and clothing stores in New York which have extended their trade areas vastly beyond the local community.

Retailing Is a Product—Its Package Is the Store

While we've been talking mainly about retail stores and emphasizing the point that retailing is a product and its package the store, these principles are no less important to non-retail firms. The "package concept" extends even to traveling sales representatives whose expressions about the firm, its products, advertising materials, his own attentiveness and personal appearance make up a kind of "package" which affects sales. It is just as important for a wholesaler or manufacturer to foster a favorable image of his firm as it is for a retail establishment.

THE IMPORTANCE OF PRICE

In considering why people buy things, we should take up the matter of price. Contrary to what many people think, price is usually of secondary importance. Price is one of the evaluations the person makes but only after he has considered other factors such as quality, suitability and general satisfaction. It is true that the buying motives are often interrupted by a price that seems out of line to the customer or is higher than he believes the benefits are worth to him. When the customer accepts the price, it is said to be "price effective." What this means is that the customer acknowledges that it is offered at a fair and affordable price.

As already indicated, most people are more price conscious when they shop for necessities or essential goods. Price on such items plays a bigger role in a decision to buy than on some specialty item that offers convenience benefits that interest the customer. In fact, it has often been found that a convenience item may be priced too low to attract buyers. A case-in-point is a now popular cosmetic cold cream that sold poorly at 49¢ but became a record seller when offered in the same size and label at $1.29. Somehow customers thought the product "inferior" when offered at a price lower than similar products. Customers often equate good quality with high price.

Discounts Depend on "Loss Leaders"

This is especially true on small investment items or on items where it is hard to judge the real qualities of the product. Little thought is given to the price of an item we buy only occasionally but quite a lot on regular purchases. Knowledge of this is one of the reasons for the success of discount stores. Their reputation for low price may be based on advertised or featured items that people are used to buying, yet they may charge regular or higher prices on items that are less well known. It is this same technique often used on the so-called "loss leaders" promoted by chain store advertising.

Determine Ceiling and Floor

One way of establishing prices that are "price effective" is to determine a *ceiling* and *floor* price for the product which represents the points where most people will consider the price either too high or too low. Tests have shown that relative prices within the price effective band make little difference in the number of purchases made. Often a little experimentation will allow you to determine this for yourself by keeping a record of sales on some particular item, then raising the price and measuring whether there is any essential loss of volume by virtue of the change. You may be surprised and

delighted to learn that on many items, especially those bought on an occasional basis, a reasonably small increase will not have any appreciable effect on what people buy but a favorable effect on your profit margin.

EFFECTIVE PRICE BAND

too high	$1.59
	$1.29
price effective	$.98
	$.89
too low	$.79

On the matter of price, you may be interested to know the price asked on that 1934 refrigerator sold to the Eskimo. The fair price established by the salesman was $50. That may sound like an awfully low price by today's standards but was not out of line with prices in those days. And if you've been wondering what it was that finally sold Charlie Pots-to-Lick on making that purchase it was Moran's answer to Charlie's objection about what good the refrigerator would be in the winter. Moran told Charlie, quite properly, that the refrigerator would not only keep his food cool in the short Alaskan summer but would keep it from freezing so hard in the arctic winter. For whatever hidden desires may have influenced Charlie, here, at last, was a perfectly plausible buying motive that represented a needed and useful benefit. Charlie closed the deal. He had found his reason to buy.

WHY PEOPLE DON'T BUY

But we would not be doing justice to the subject of why people buy things if we didn't consider why they sometimes don't buy. That may be just as important. You don't have to be a salesman very long to learn that sometimes something seems to go wrong in the sales relationship and the sale is lost. And sometimes what works splendidly for one customer won't for another.

Well there's a psychology of not buying, too. The fact is that most people don't like to feel they are being sold. Somehow we resent the idea that we can be persuaded to buy anything. Often we enter a sales situation with a negative attitude. And when the salesman approaches and starts his presentation we are hoping for him to give us a reason to say "*no.*" Veteran salesmen will tell you, therefore, that it is the impression you make during the first 25 words you speak when selling that is most important. The effective salesman will recognize the buyer's attitude and will use his opening remarks to get the customer in a "yes" mood and to become favorably acquainted. One method is to ask a question about the product that requires a "yes" answer or that reflects a positive attitude. If a woman is examining a blue vase and you ask her "isn't that a pretty shade of blue?" She can't very well say no because she was obviously admiring it. If she says yes, the ice has been broken for the beginning of a satisfactory sale.

The Cardinal Sin—Stopping Buying Motive

But what too often happens is that a salesman commits the cardinal sin of blocking a customer's buying motive. A potential customer is looking at a sleek new model automobile. The salesman offers to help and in the conversation the customer asks if it is really "safe" to have a car with such a big engine. What he is doing is running up a trial balloon. He wants some reinforcement of his desire to have a new car with a big powerful engine. If the salesman ridicules the question, the sales opportunity may be irretrievably lost. No matter how foolish or seemingly inappropriate the customer's question is, all salesmen are advised to answer it as intelligently as possible and turn it into a buying motive.

What the car salesman could have said to further the sale is "while the owner of this car may never have reason to drive fast, the assurance of that extra power is a margin of safety in an emergency. As a matter of fact a powerful engine makes the car even safer."

Saying No

Another reason why customers don't buy is that the salesman says *no*. A customer comes in and asks for a particular brand item that the firm doesn't carry. Often, the would-be sales person (I wouldn't distinguish them with the title of salesman) will answer "No, we don't carry that brand." There the matter ends. The clerk hasn't even tried to help the customer by finding out what he really needs so he's done both the customer and his employer a disservice. What he might have said is "Let me show you what we have." or "Let's see if we don't have just what you want."

Clerk's Bad Attitude

Still another reason people don't buy is the attitude of employees, maybe even very minor ones. When we are ready to buy, we expect to be treated like important customers. Indifferent employees can keep us from buying. How many times, recently, have you tried to find some item in a store only to be frustrated by false leads and discourteous and disinterested store employees. You hear things like "I guess we don't carry them" or "maybe they would have those in the basement." There may well be reason why a clerk is not acquainted with what his firm sells but it certainly doesn't impress buyers to find such indifference. Many sales are lost before they ever get started by such careless attitudes. And it isn't always just a matter of *one* lost sale—the customer may continue to avoid buying from that firm.

ATTITUDE PROBLEMS

- show favoritism
- not being helpful
- sales pressure

One especially irritating practice is showing favoritism to one buyer over another. Even if a customer has only a minor purchase in mind, he expects to be treated as if it were a major purchase. If he is slighted, he is likely to take his trade where he is made to feel more important. And more than one sales person has learned the hard way that you can't always judge customers by appearances.

Another reason people may not buy is lack of helpfulness on the part of company representatives. The customer may be "just looking" but when the time comes for a key question or asking for assistance the availability of an attentive helpful salesman will turn the "lookers" into "buyers."

Pressuring The Customer

But being helpful to customers doesn't mean pressuring them. Too much pressure loses a sale more often than it makes one. People do not resent having features pointed out to them or even being asked if they have made up their minds but pressures such as statements that this offer will not be made after today, run the risk of making the customer suspicious. The customer wants to feel he has made the decision, not that it was forced on him. Hurrying the customer in his decision, too, may represent a pressure that can kill the sale. Often, the salesman would do better by pausing pleasantly and waiting for the customer's comment than saying anything at all, especially anything that might make the customer feel uncomfortable or "persuaded." That is not to say that the customer does not need help in making a selection. Information about the articles appropriate to the needs and wants of the customer is important to the selling process. Questions put to the customer about which model he has chosen or what day would be best for delivery seldom are interpreted as pressures. Generally, questions are best at this stage rather than statements or pronouncements.

Damaged Images

We've already talked about some product factors and some unfavorable images that do adversely affect sales. Such damaged images are reasons why people don't buy. Soiled or damaged merchandise, particularly, is a detriment to selling. You could have the best designed and highest quality food product in the world, but let a customer see one single insect crawl out of one package on the shelf and that good image may be permanently injured.

Years later, without any recollection at all of the incident, the customer may still retain an unfavorable impression of the product. You see, hidden motives are involved in why people don't buy as well as why they do. There are fears, prejudices and unpleasant impressions that build up unfavorable sensations as surely as there are favorable ones. Because they are hidden and often irrational, we can't deal with such motives, generally, other than to recognize they are there and do all possible to foster favorable images to offset them.

We talked earlier about firms having images just as products do. Obviously some of them are bad images that prevent people from favoring business with those firms. Although it is a difficult and sometimes dangerous task, images of firms can be changed for the better. If this is the problem for a business, they should obtain the best professional advice available in order to find a solution.

Some things that every firm can do, though, is to protect their good image by avoiding any practice that will reflect unfavorably or is out of keeping with the firm's character. An example is to avoid selling merchandise that is out of character with the store's reputation. It is seldom possible for a store to succeed by selling merchandise that is either higher or lower than its usual quality of merchandise.

In the same sense, it is damaging and hazardous for a firm to use misleading ads. Any customers brought in by the ad are apt to feel cheated. In any future dealings they will be suspicious and distrustful.

Lack of Motivation

Finally, the basic reason that people don't buy is that there is lack of motivation for them to do so. Just as customers have positive buying motives they also have negative buying motives. On the one hand they are telling themselves that buying a new set of golf clubs would help their game and they would gain prestige from ownership but negative motives are being expressed by consideration of the fact that the old set would be good for another year or that practice would do more for their game than new clubs. Sometimes a conflict of positive and negative buying motives can actually place the person under real emotional stress until they can come to a firm decision whether to buy or not.

CUSTOMER RELATIONS

All of these considerations of why people do and don't buy can be useful to you no matter what business you are in. If you think about all these buying factors you'll come to the conclusion that satisfying customers is your prime basis for being in business so you will do well to organize your business in a way that puts the customer at the center of marketing activity.

Make Customer the Center of Your Business

The business should be run for the customer's benefit. In policy matters you ought to let everyone know that the customer is still *right* and that your company always needs the customer more than he needs you. As the manager or owner of a business you should always keep customer relations in mind and make management decisions for the customer's benefit. Without the customer and his money you would not have a business to manage for very long.

Next, plan your approaches to the customer with sales psychology. Every ad, every sales promotion and every sales presentation should be planned to appeal to the customer's buying motives. Not only will your sales people do a better job, they will likely take a greater interest in selling and will generate more enthusiasm for it.

Rate Your Business The Way Customer Does

Then make a survey of your business once each quarter or so to see how well you are doing on customer relations. One of the best ways is to rate your business the way your customer does. Determine what kind of image the firm has by letting yourself be the customer. From his standpoint, is the firm doing all it can to be customer oriented? And when it comes to doing business with the firm, can the customer find what he wants . . . when he wants it . . . where he wants it . . . and will he find it at a "cost effective" price? Ask yourself all these questions and if the answers are less than satisfactory do something about it.

Make yours a business that motivates sales. Make sure your customers leave with their needs satisfied and with a feeling toward your company that will bring them back again.

Train Personnel

To build a customer centered business enterprise, train your employees constantly to be aware of customer psychology . . . to recognize and support buying motives and to overcome negative ones. Teach them the meaning of hidden desires and how to recognize the four behavior patterns of customers.

And after you have done all these things, re-examine your building, organizational plan, personnel and general operations in terms of customer satisfaction.

SELLING TECHNIQUES

At this point we want to construct an actual selling technique in terms of the principles we have discussed. Suppose you need to train a group of salesmen to sell for your firm. Here is a list of ten do's and don'ts of selling technique from the sales psychology we have discussed:

[LECTURE NOTE: Try to get the class to develop a definitive list. It should include the following items.]

1. Search for buying motives
2. Sell product benefits
3. Have a positive attitude toward customer
4. Be helpful
5. Overcome customer objections (negative motives)
6. Get customer in a "yes" mood
7. Don't interrupt a buying motive
8. Appeal to a behavior pattern
9. Don't show favoritism
10. Avoid pressuring the customer

Listen to Customers as Well as Talk

Another important one we might add is to *listen* to customers as well as talk. That's how you find out about buying motives and that is one way to overcome the customer's suspicions.

Well, now we've got a broad plan for sales technique. But let's be more specific and apply that technique to an actual product.

[LECTURE NOTE: Here the instructor should have available a local advertisement of the type that is only on product features and read this to the class. Then ask the class for suggestions on ways to rewrite that ad or turn it into a sales talk in light of the principles of sales psychology. If none was previously picked, ask someone for a newspaper or magazine and pick an ad from there.]

Gear Sales Talks and Advertising to Customer

On this matter of sales promotion and advertising, the experts say that our buying public is becoming more sophisticated about advertising approaches. We are less taken in by aggressive television pitches and exaggerated claims. The things which tend to interest and sell customers are appeals to buying motives and realistic claims for benefits.

Since advertising is an extension of selling technique, one of the ways you can develop sales points for the things you sell is to study the good advertising offered by the suppliers of those products. Many of those products are apt to be the results of motivation research and you should study their advertising methods and add them to your own selling strategy pertaining to those products.

SUMMATION

In summary, we can say that the reasons people buy things, like all the other things they do, depend less on logic and more on emotion and attitudes. There is a psychology to selling that we can define and utilize.

BUYING DEPENDS

LESS ON LOGIC

AND MORE ON

EMOTIONS AND ATTITUDES

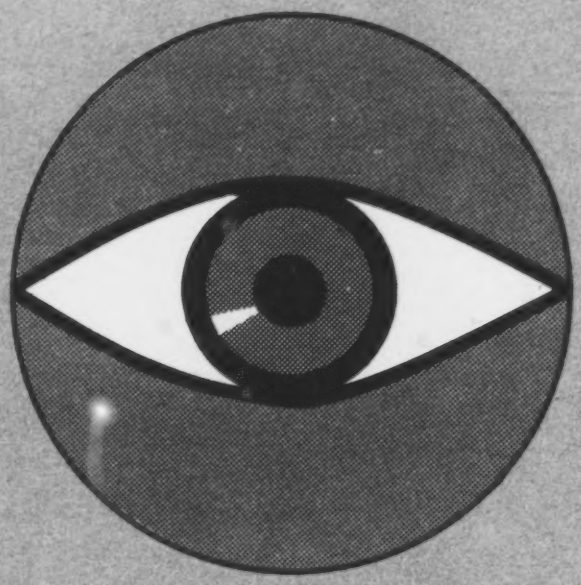
In order to sell anything, the customer has to want the product more than he wants the money it costs to buy it. Wants in turn are expressions of biological needs and psychological desires. Those wants are turned into buying motives by the personality, attitudes and feelings of the customer.

Some buying motives are hidden. They are suppressed or unconscious and may be the most important motives affecting a sale.

Customers build up images of products and companies that they transfer to the qualities of the product. Even small product or package sensations may make the difference in selling or not.

Just as there is a psychology of why people buy things, there is one of why they don't. The major reasons they don't buy are interruptions or contradictions of their buying motives, negative attitudes on the part of sales people, bad impressions of the product or firm and too much sales pressure.

If we were to make a single statement as to the best sales technique to use, we could say it is to make the customer feel important. Finally, we must satisfy the customer. And if you can truly build satisfaction for your customer, there is no limit to what you can sell. Why if you can do that, you can even sell refrigerators to Eskimos!



THE VISUAL AIDS

A What to Show

Section

The old Chinese proverb **"One See Worth Thousand Say"** is certainly borne out by experience in the fields of education and training at all levels.

The instructor who helps his participants visualize subject matter and ideas not only holds the group interest--he also stimulates thoughtful consideration and retention of the topic.

This section contains samples of visuals that are available for this subject. Each has been carefully coded and "keyed" into **The Lesson Plan** as outlined in this manual.

USE OF VISUAL AIDS

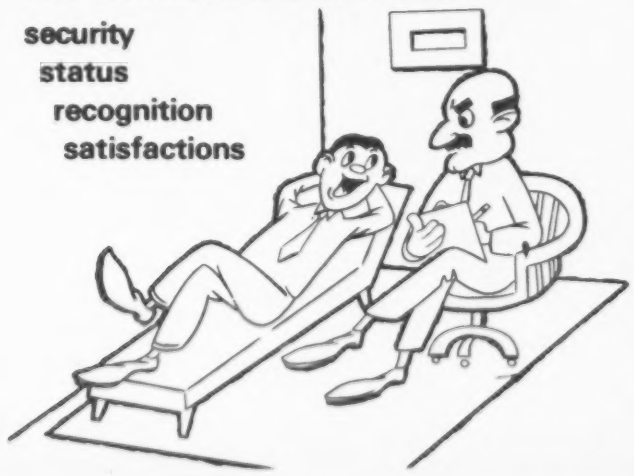
WHAT TO USE	WHEN AND HOW TO USE
Chalkboard 	Study and plan before a meeting what to put on the board and where to put it. Use it to present sketches, diagrams, outlines, definitions, key words, directions, record of class contributions, and summaries. Suit material to board space. Write plainly and quickly. Keep wording simple. Stand at one side of board while referring to material. Talk to the group, not to the board. Erase material no longer needed.
Posters, Charts, and Diagrams 	To arouse interest and attract attention; to show relationships and trends; to inspire group. Use device large enough to be seen. Post where everyone can see. Present at right time. Discuss information illustrated.
Hand-Out Materials 	To present information uniform in character and as a guide to material covered; emphasize key points; arouse interest and discussion; review or summarize discussions; and serve as permanent reference. Select to serve a definite purpose. Introduce at right time. Distribute in manner to convey its importance. Direct members how to use.
Films and Film Strips 	Present an overall view; introduce a new subject; emphasize specific aspects of a subject; arouse interest; summarize. Select carefully to relate to the discussion and plan presentation. Arrange room and equipment for showing. Alert the audience for the showing or what will be seen. Run the film. Discuss the subject matter and summarize.
Samples, Forms, and Exhibits 	Keep subject matter practical; show development of a process; increase understanding. Select only enough to illustrate, not confuse. Pass around if necessary. Take time to present clearly. Comment when presenting.
Pedestal Chart 	A pad of newsprint sheets or similar paper may be used for the same purposes as the chalkboard. Material recorded with chalk or crayon may be saved for future reference by the group or by the instructor.

1

LIFE NEEDS
food and water
protection
exercise
rest

2

PSYCHOLOGICAL DESIRES
security
status
recognition
satisfactions



3

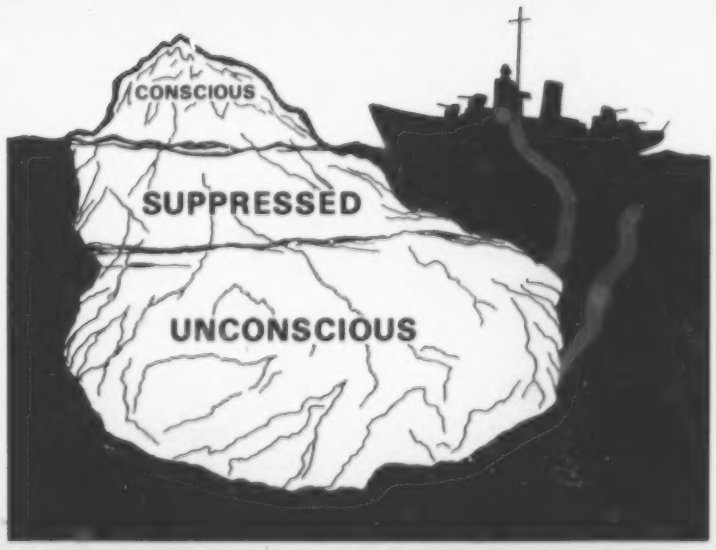
SATISFACTIONS
aggressions
sensibilities
sex

4

BUYING MOTIVES
(a partial list)

36

5



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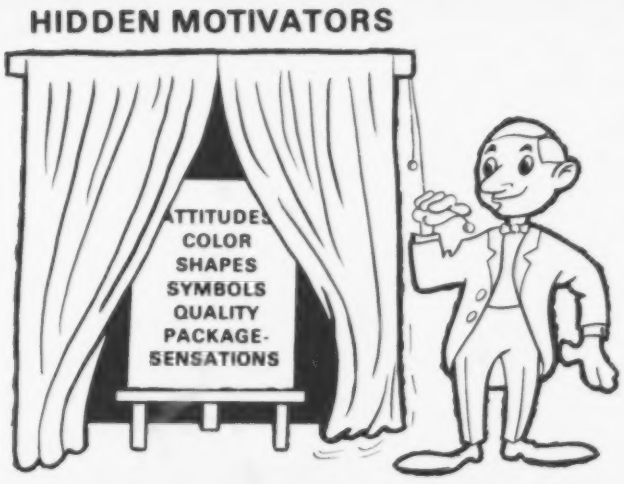

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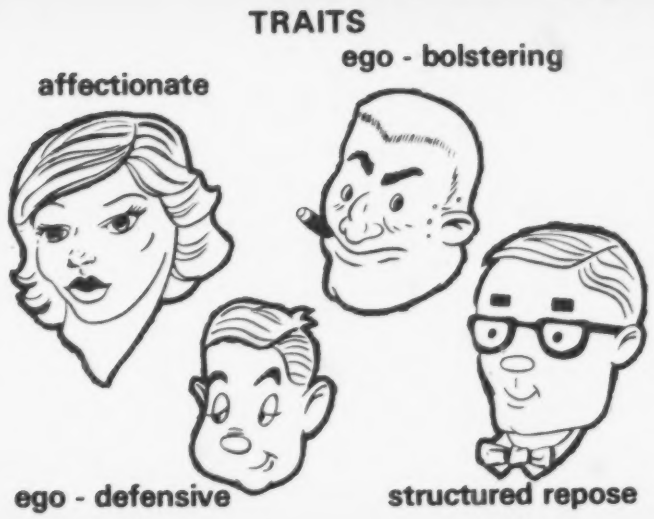

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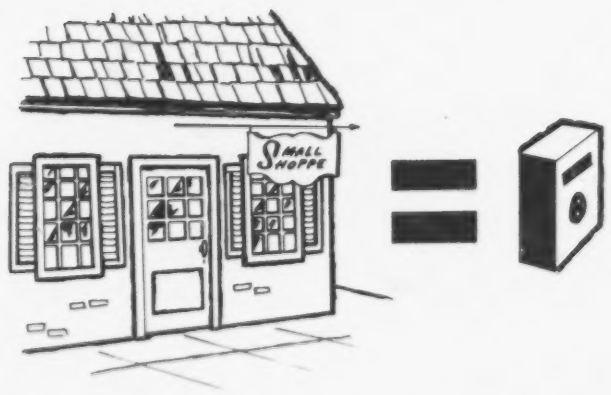

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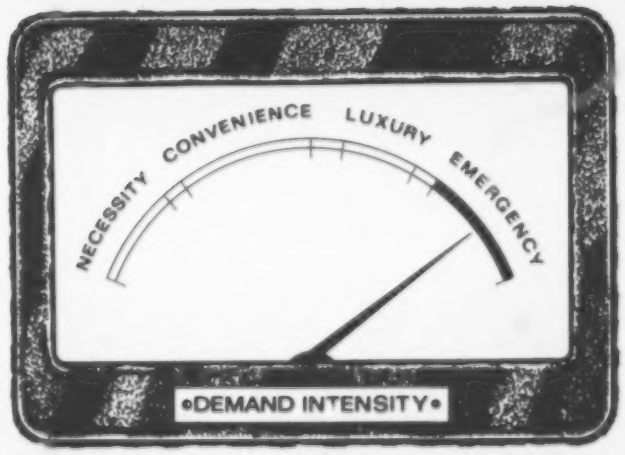


11

EFFECTIVE PRICE BAND

too high	$1.59
	$1.29
price effective	$.98
	$.89
too low	$.79

12

ATTITUDE PROBLEMS

- show favoritism
- not being helpful
- sales pressure

13

14

15

BUYING DEPENDS

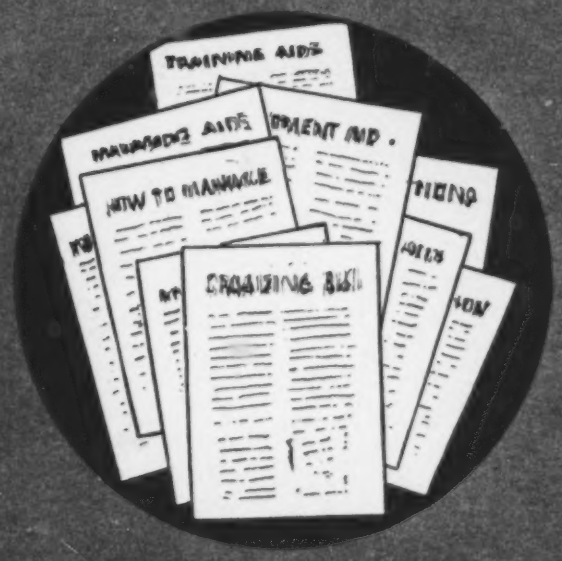
LESS ON LOGIC

AND MORE ON

EMOTIONS AND ATTITUDES

38

16



THE SUPPLY DEPARTMENT

A Resource Materials and Participant Handout

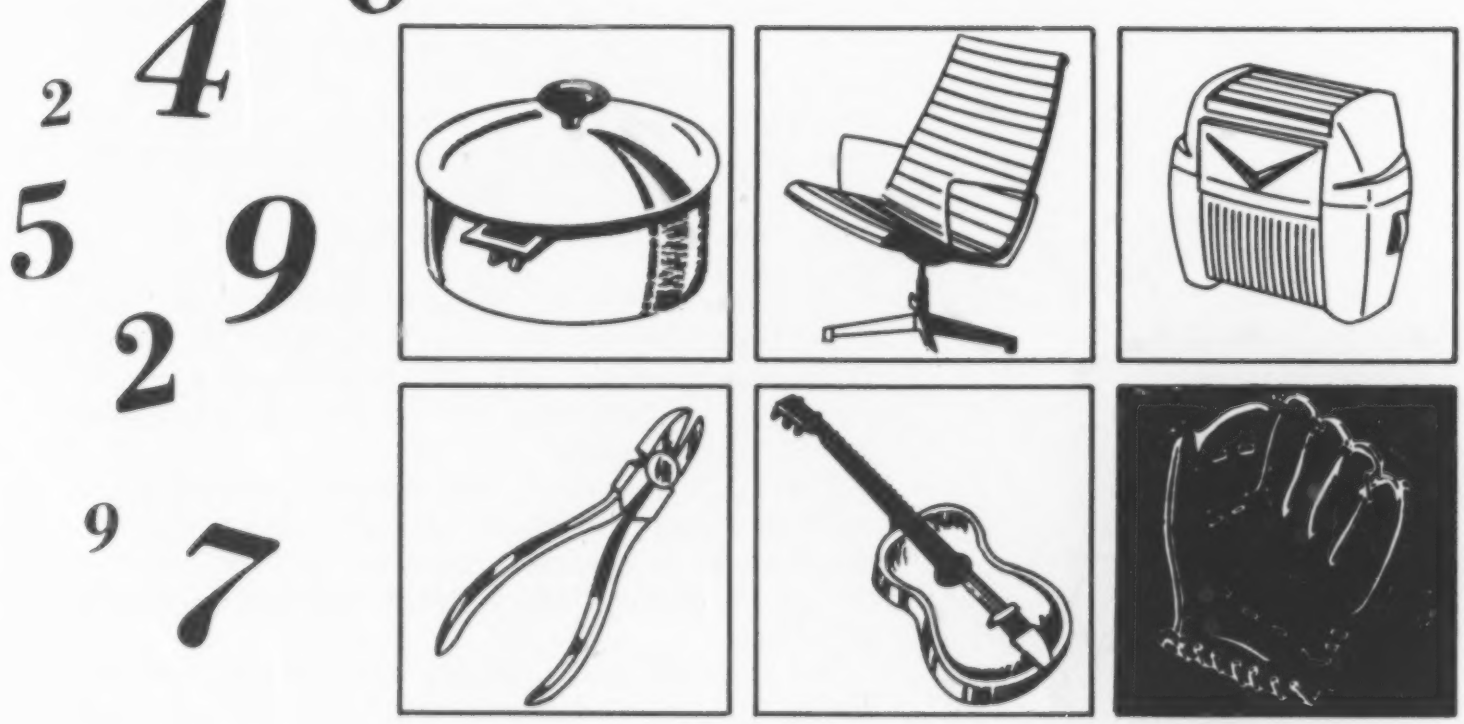
Section

It is generally conceded that interest intensifies in situations where people have a chance "to participate" by such means as open discussion and buzz sessions. The materials in this section should prove useful in this kind of activity. These materials may be reproduced locally.

It is also desirable to provide participants with "take away" materials if they are pertinent and concise. Accordingly, appropriate Management Aids, Small Marketers Aids, and Management Research Summaries are included in this section. Current information on the availability of suggested and new SBA publications may be obtained from the nearest SBA office.

SMALL BUSINESS ADMINISTRATION
MANAGEMENT AIDS No. 187
for small manufacturers
WASHINGTON D.C. APRIL 1967

USING CENSUS DATA IN SMALL PLANT MARKETING



By Solomon Dutka, President Audits and Surveys Inc., New York, N.Y.

SUMMARY

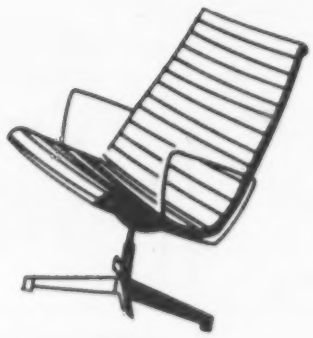
The statistics published by the Bureau of the Census concern the economic lives of people. These facts and figures are valuable marketing information for the owner-manager of a small plant.

While he will not find ready-made answers in the Census data, the owner-manager can find clues which will be useful in working out solutions to his particular problems—whether marketing consumer or industrial products.

This *Aid* stresses consumer products. However, the procedure for using Census data—breaking the marketing problem down into questions—is similar for industrial products. The *Aid* offers examples of how small manufacturers use Census statistics.

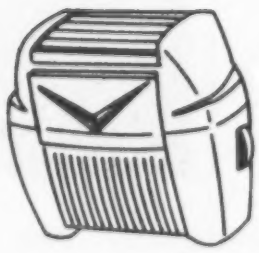
"I know I need it, but I can't afford it," is the way many owner-managers of manufacturing companies feel about marketing research.

They are right, in a way. Often their companies cannot afford complex studies to gather a wide range of information about markets, potential markets, their products, and new products.



Yet, small companies are the ones that often need marketing information in order to compete effectively. When the money an owner-manager can spend for product development and marketing is limited, he has to make every dollar count. For example, he cannot afford to spend a thousand dollars on advertising that goes to wrong people—ones who are only marginal prospects for his products.

In using every marketing dollar to the best advantage, the owner-manager of a small manufacturing company may be overlooking a useful source of information. It is the United States Bureau of the Census.



The statistics which this Agency gathers are a valuable natural resource. In fact, the information concerns your greatest resource for marketing—the people of the United States and their economic activities.

By knowing and applying the appropriate statistics to your problems, you can market your products to a better advantage. For example, you might use Census information to stretch your advertising dollars, to reduce the risk of new product introduction, or to improve the accuracy of marketing decisions.

KINDS OF DATA

The kinds of Census data the owner-manager uses depends on his products and the types of markets he serves. If he sells an industrial product, for example, valves, he would need information about manufacturers. On the other hand, if he makes a consumer product, such as neckties, he would need information about people—especially about men.

The various kinds of Census statistics are listed in the section, "Getting Census Reports," on page 7 of this *Aid*.

Whether the data are about manufacturing, mining, population, or housing, the pattern is the same for using the information in marketing research. In this *Aid*, the Census of Population and the Census of Housing are used as examples.

• *Population and Housing.* The Census of Population and the Census of Housing provide information about: sex, race, number of persons in household; number and types of rooms; water availability; method of house heating; availability of telephones; presence of clothes washer, dryer, television, radio, air conditioner; and number of automobiles, and other items. The Bureau gathers this information every 10 years and updates it with periodic estimates. The next Census will be in 1970.

The reports are issued by area and subject and are sold by the Superintendent of Documents, Washington, D.C. 20402. For example, the population report for the State of Missouri consists of 653 pages and is titled *Census of Population: 1960, Volume 1, Characteristics of the Population, Part* 27, *Missouri.* The price is $5.00.

The summary report on the Nation's population is titled *Census of Population: 1960, Volume 1, Characteristics of the Population, Part A, Number of Inhabitants.* This book sells for $8.75 and includes separate chapters of detailed tables for each of the 50 States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Canal Zone.

The housing report for Missouri, for example, consists of 178 pages and is titled *U.S. Census of Housing: 1960, Volume 1, States and Small Areas. Missouri.* The price is $1.25.

• *Business.* The Bureau also provides information on retail, wholesale, and selected services in its *Census of Business.* These reports present data, such as sales size of establishment, employment size of establishment, and sales by merchandise lines. For additional information, see the *Bureau of Census Catalog*, listed in "For Further Information" on page 8 of this *Aid*.

In addition, the Bureau of the Census, for a fee, will tabulate special data to meet a company's individual needs. The policy on such services is described in the *Bureau of Census Catalog.*

INTERPRETATION STARTS WITH QUESTIONS

In applying Census statistics to your market planning, you should keep in mind that the Bureau of the Census compiles descriptive data. You have to do the interpreting.

Interpretation starts with questions. The pieces of Census information you use depends on the questions to which you need answers. Suppose, for example, that an owner-manager wants to set up several new sales territories.

His question is: What geographical areas contain the best prospects? In working out an answer to this type of question, data extracted directly from the Census tables can be immediately useful. You can use information such as income, family size, and occupation, for example. This type of information is reported for areas as small as "census tracts" in 180 metropolitan regions. A census tract consists of about 4–5,000 persons.

A limited amount of information is provided for each block in cities of 50,000 or more inhabitants. This information includes the population count, condition of housing unit, plumbing facilities available, tenure, value of owner-occupied units, rent of rented units, color of occupants, and units with 1.01 or more persons per room.

A sales territory may be set up by using multiples of these basic units, such as city blocks. This arrangement is particularly valuable for a door-to-door sales force.

Once he has determined where to establish his territories, the sales manager can use Census data as an aid to setting equitable sales quotas. A study of detailed Census reports of employment levels, income, and population density for each unit of a salesman's territory can show the potential or lack of it for each unit.

If your type of product is actually covered in the Census, you can use the information without translating it. For example, the Census of Housing carries statistics on home appliances, such as, washing machines, and freezers.

However, when there are no Census figures on your type of product, you have to use related data. By assuming that areas with heavy concentrations of a certain product are also good prospects for a similar type product, you often make valid inferences about your market potential.

EXAMPLES OF USE

The experience of a small manufacturer of automobile dashboard accessories provides an example of using Census figures as an aid in adding new sales territories. "Where are the high concentrations of automobiles?" was his first question.

When he had the answer, he then looked to see which of the geographical areas under consideration had concentrations of auto supply stores and variety stores—the kinds of retail outlets that did the best job with his products in his established areas. He was able to find this information in the *Census of Business.*

Another example of relating Census data to an individual company's problem is the market research done by a manufacturer of paneling and room accessories. His company had franchise arrangements with local contractors who used the materials to convert basements into finished rooms.

To widen his market, he first had to find an answer to: What areas will be best for franchises? The Census statistics on housing helped him to learn: (1) the type of homes that predominated in a particular area, and (2) whether they were built on concrete slabs or with a full basement.

He quickly ruled out the areas where the houses had no basements.

His next question was: Can people in the particular area afford to finish off their basement? He examined data on family income and the number of children. Then he examined the statistics on car ownership. He looked for families that owned more than one car—an indication that they had discretionary income which might be spent for home improvement. As a result of his study of Census data, he was able to grant franchises in areas which had a good market potential.

Census data can be useful also for keeping a company in step with its customers. One apparel manufacturer, for example, studied Census statistics for possible trends that might affect his business. When the figures showed that the population in the areas where he was selling had a high concentration of teenagers and young adults, he added new styles directed at these groups.

ADVERTISING

The owner-manager of a small plant can also use Census data to help control his advertising budget. The fact that the sales of many small plants are regional rather than national makes the advertising and promotional job easier.

Even if you sell in the national market, the analysis of individual regions can be useful in plan-

ning advertising. Looking at the regions that make up the national market should indicate whether you need to design different sales strategies and advertising campaigns for each area.

Some national magazines operate on production schedules that allow advertising content to vary by type of market. In addition, spot radio and television commercials can be changed to pinpoint specific areas with tailor-made sales messages.

Thus stretching your advertising dollars becomes a matter of answering two questions: (1) In what areas should I advertise? and (2) Which media reaches the right audience—the one that contains my customers and potential customers? The answer to either question depends on the audience composition in each area.

The Census data can detail an audience profile in terms of buying power, education level, occupation, and other factors bearing on the selection and tailoring of a marketing approach. The information is available from the Government at low cost. With these facts, you can more accurately select media and relate advertising potential to cost.

An example is seen in the experience of a cosmetics company which markets its products in several sections of the Country. Its owner-manager uses Census data to keep track of the age groupings of the female population. From the Census figures, he learns what groups are prospects for certain of his products and where these groups are located. He then places his advertising in media which are used by members of the groups. He also sees that sales outlets are stocked with the advertised products.

NEW PRODUCT INTRODUCTION

When developing and introducing new products, the owner-manager can also use Census data in two ways. First, new products may be suggested because the statistics reflect the living patterns of consumers. Second, the statistics may be used in connection with marketing testing. The Census supplies demographic characteristics, such as age, sex, color, and marital status, which can be helpful in selecting test market cities.

The experience of a small meat packing plant provides an example of using Census data in new product development. Its owner-manager learned that the statistics for his sales area showed an impressive number of home freezers. In these, he saw a new market—cuts of meat sold in bulk lots for storage in home freezers.

There is no "typical" test city in which a new product can be put on sale to measure consumer reaction. The problem is to select a city or area

that will yield the information you need for deciding whether to go ahead with the product or drop it.

Because they indicate the characteristics of a city's population, Census reports can be used to help pick a test city or cities. Along with these data, you use information which you have about your product distribution and information about the available advertising media.

UPDATE WHEN POSSIBLE

In using the Bureau of Census reports, it is important to regard them as basic guides and update them with other information whenever possible. The vital thing in marketing is current, or as current as possible, information.

To make sure that you have it, you should consult sources of marketing information such as those listed in the "For Further Information" section of this *Aid*. In some cases, the owner-manager can update Census information by conducting his own survey. For example, one builder of houses believes that most people buy homes valued at approximately 2½ times their annual salary. Before he decides on the type of houses he will build in a particular area, he brings the Census data up-to-date by making his own survey of the income level and the prices of homes in that area.

GETTING CENSUS REPORTS

The Bureau of the Census issues many publications to make available the information that is gathered in the following censuses:

- POPULATION and HOUSING Censusues—taken every 10th year ending in "0", example 1960.
- GOVERNMENT Census—taken every 5th year ending in "2" and "7", example 1957, 1962. (This Census provides data on the charactertistics and functions of State and local government.)
- BUSINESS, MANUFACTURES, and MINERAL INDUSTRIES Censuses—taken every 5th year. Beginning in 1967, in years ending in "2" and "7".
- AGRICULTURE Census—taken every 5th year ending in "4" and "9", example 1959, 1964.

In addition, the Bureau makes a monthly report of business conditions in a publication called *Business Cycle Development.*

The publications are listed under the following headings in the Bureau's catalog: General, Agriculture, Construction and Housing, Distribution and Services, Foreign Trade, Geography, Governments, Manufacturing and Mineral Industries, Population, and Transportation. The catalog indexes the reports by subjects. A special section describes the Census

data files and unpublished materials which can be used for special tabulations which are offered on an annual subscription basis.

The catalog is issued quarterly, with monthly supplements, available from the Superintendent of Documents, Washington, D.C. 20402. Ask for *Bureau of the Census Catalog.* Annual subscription, $2.25.

FOR FURTHER INFORMATION

Businessmen who wish to explore further the subject of using Census data may consult the following references. This list is necessarily brief and selective. However, no slight is intended towards authors whose works are not mentioned.

THE EDITOR & PUBLISHER MARKET GUIDE. Published annually in September. $10. Editor & Publisher Co., 850 Third Avenue, New York, N.Y. 10022.

SURVEY OF BUYING POWER. Published annually in June. $6. Sales Management Inc., 630 Third Avenue, New York, N.Y. 10017.

THE STRATEGY OF MARKETING RESEARCH by Chester R. Wasson. 1964. $8.50. Appleton-Century-Crofts, 440 Park Avenue, S., New York, N.Y. 10016.

JOURNAL OF MARKETING. Quarterly. $2.50 per copy, $8. per year. Recent issues of the publication which is published by The American Marketing Association, 230 North Michigan Avenue, Chicago, Ill. 60601.

BUREAU OF THE CENSUS CATALOG: JANUARY-SEPTEMBER 1966. Available for 45 cents from the Superintendent of Documents, Washington, D.C. 20402.

Competitive Strategy

SMALL BUSINESS ADMINISTRATION •

SMALL MARKETERS AIDS No. 73

Washington 25, D. C. November 1961

UNDERSTANDING WHY THEY BUY

By *Dr. Bertrand Klass*
Forbes Research, Inc., New York, New York

SUMMARY

"Why do my customers buy as they do?" is an important question for small business owners and managers. Finding answers is often far from easy. But more and more businessmen are trying to find answers, and many are seeking scientific help in getting reliable ones. Some even feel that a really effective merchandising approach cannot be planned without knowing what makes customers buy--in other words, without "motivation research."

This Aid is designed to tell small marketers what motivation research is and what it can mean to their businesses. It recognizes that small marketers rarely engage in doing motivation research themselves, but suggests that they may be able to use the results of studies conducted by big concerns to merchandise their products. In this way, the small marketer can better organize and direct his selling efforts.

Sometimes you know the reasons why people act as they do, and sometimes you don't. For instance, you know why the young mother dashes out of your store and after a runaway baby carriage. Her baby is in it.

On the other hand, do you know why most of your customers buy as they do? Do you know why they may buy one model of a deluxe stove but ignore another that has all the same features and actually sells at a lower price? Or, do you know all the reasons why you bought the automobile you own, from among all the brands and models you could have chosen? The answers to such questions are not always as simple as may appear on the surface.

• A Basis for Planning

Motivation research tries to answer such questions. The key question it tries to answer is: Why do people behave as they do?

Remember the cigarette whose dark-green package "went to war" in the early 1940's? It never returned. Why? The tobacco company learned, among other things, that women did not like the dark-green package. They preferred a lighter, cleaner-looking color.

Then again, take instant coffee. Sales lagged when the advertising campaigns plugged the work-saving idea. Why? Using motivation research, the coffee packers got some answers. For example, many wives felt they were neglecting their duty by not taking the time and making the effort to brew coffee in the conventional way. The research findings suggested a new theme: Flavor. This theme emphasized the idea that wives would be treating their families to something special when they served instant coffee. The sales of instant coffee showed a marked increase not long after this theme was introduced.

There are many other cases in which sales, promotional, and marketing campaigns have been based on the results of motivation research (MR) studies. While few small marketers are able to conduct an MR project on their own business, knowing what is involved with a manufacturer's promotional campaign, can help a dealer tie his own sales program in most effectively.

THE "MYSTERY" OF MOTIVATION RESEARCH

Motivation research (MR) is a highly specialized part of marketing research. Its methods and techniques are drawn from the social sciences, such as psychology and sociology. It deals with the behavior of people and is concerned with the way both emotion and logic influence behavior. As a result, quite a bit of "mystery" has built up around it.

Some of the mystery disappears when you understand that MR complexities result from

the fact that people themselves are complex. There is rarely one motive that will explain "everyone's" behavior. For this reason, motivation research specialists cannot set up rigid rules about why people act as they do.

The job of MR is first to isolate and label the needs, wants, drives, and tensions that "move" people. Second, it tries to explain why these forces operate as they do to make a person act in a certain way.

Most small marketers, at one time or another, have asked themselves "what can I do to get more people to buy from me?" This question is really a double-barreled one. First, you want to know what needs, wants, drives, or tensions lead your customers to buy certain items. Then, you want to know how and why your services and merchandise will satisfy your customer (in a word, what motivates your customer?).

For instance, why does a sleek convertible in the window draw many middle-aged husbands into the show room? Yet, why do they frequently buy the sedate sedan with powder-blue upholstery? The convertible may draw a man because of an unrealized desire for adventure. But, his sense of decorum--plus his wife's influence--may, and often does, lead him to buy the sedan.

The answer to any motivation problem may vary as a result of the researcher's approach. Two experts could (and have) come up with different answers to the same problem. An important part of the researcher's job is to consider all the possible factors that might explain consumer behavior, and to avoid being misled into giving one explanation more emphasis than it deserves.

• Reason For Behavior

People act mainly on three levels. Sometimes they know why they do a certain thing. At other times, they know why, but are reluctant to admit the reasons. And, at other times, they do not know why.

A brief look at these three conditions should help you to understand better some of the techniques the researchers use in trying to answer the question: "Why do consumers act as they do?"

• Conscious Motives

Here, the person knows (or thinks he knows) why he acts as he does. He will say, for instance, "I don't like spinach because it's sandy." He knows why he's for or against a certain thing.

Sometimes, of course, the reason he gives may not be the only, or the most important one--or even the correct one. But, even if you question his reason, you still have to consider it. It may indicate paths that will lead you to other important reasons.

• Subconscious Motives

In the case of subconscious motives, a person often knows what motivates him, but is reluctant to admit it. He does not want you to know the reason, and sometimes he does not even want to think of it himself.

For instance, an executive who is overworking might be reluctant to admit a personal need for power--even to himself. Instead, he might say, "Of course, I'm busy, but it's part of my job to be active in the association," or "Well, someone has to run the show and I'm a good public speaker."

However, he may not admit his ambition is to be president of the national association. Through this clue and others, an MR expert might find that he wants the power and prestige that the job offers.

• Unconscious Motives

This type of motive is what the label implies--the person does not know why he acts as he does. And, in some cases, if you suggested such a reason to him, he would probably say you were "out of your mind."

This type of motive is largely the product of a person's whole history of development. It frequently is basic to many things that the person does and is often reflected in his personality.

Some motivation researchers try to pin down the unconscious motive. However, others claim that it is not necessary to do so. They claim that business managers are interested in the majority of people--in a group's behavior--rather than in that of one person.

For instance, from the point of view of your advertising themes, sales training programs, or point-of-purchase merchandising aids, you want to know why women buy rugs rather than why one specific woman buys a rug.

TECHNIQUES OF MOTIVATION RESEARCH

The chief way of finding out why people act as they do involves basically asking carefully designed questions of certain selected people.

• The Interview

The basic tool of motivation research as it is currently practiced is the interview. Some researchers call it the depth interview. Others call it by some other name. At any rate, suppose you are trying to find out why women buy rugs. "I buy them because they make the floors warmer for my baby," one of them says. Another says, "They add warmth to the house." Perhaps a third says, "They're easier to care for than polished floors."

On the surface, these reasons represent the expression of a conscious motive. These

women say they know why they buy rugs. But, the researchers may suspect their motives. They may suspect that women also buy rugs because of more personal reasons.

So, perhaps, a "projective technique" may be used. For example, the researchers may ask these women to explain why other women buy rugs. This technique allows the woman to talk more freely than is the case when she talks about herself. She now does not have to commit herself or upset the way she looks at herself.

Now, women can tell quite a different story. Prestige and status may become important. "She wants people to know that her husband makes $25,000," one of them says. Another might say, "She uses them to emphasize her auburn hair and clothes."

A motivation researcher could carry the interview even further. He may discover that one woman buys a rug because she unconsciously wants to antagonize her mother (whom she does not like and who dislikes rugs). However, it is highly unlikely that such motives explain the behavior of all women.

The motivation researcher rarely accepts the results of any interview he conducts at face value. One of the most difficult and important parts of his job is to interpret and explain the answers that he gets from the interview.

• Sampling

Another key consideration surrounding MR is sampling. The problem under study frequently determines what kinds of people to interview, how many people, and what questions to ask. Suppose the problem is: Why do people in this area play golf? A sample of 100 active golfers will provide more reliable information than one of 500 people who do not play golf.

Obviously, a larger sample would be needed if the problem was: Why do people throughout the United States play golf? The sample then would have to be spread over the Nation.

The sample has to be small enough for practical handling, yet large enough to provide reliable information. So, the way a sample is selected is more important than its size.

BUYING MOTIVES

Motivation research very frequently provides information that is surprising to the people who had the research done. For instance, one automobile company found that transportation considerations fell in third place on the list of reasons people gave for buying an automobile.

Number one was the desire to "belong" to the neighborhood group. They felt that buying and owning a certain kind of car indicated that they truly did belong. Other important reasons were status and the desire to show off one's flair for style.

This example, along with those already mentioned, indicates how vital this kind of research can be to business marketing efforts. Even though, you, as a small marketer, are not likely to have MR experts study your customers, you can use the results of such research.

TIP-OFF TO TACTICS

How do you use the results of a supplier's or manufacturer's motivation research? You use them as tip-offs to sales tactics.

Some of the top sales people were taking advantage of knowledge about the customer's behavior, years before the publicity of motivation research. Take the case of two automobile salesmen in the 1930's. They worked for the same dealer. One failed. He told his women customers about the motor, the steel body, and so on.

The second salesman understood the female point of view. While a couple was in the show room, this salesmen often noted the wife's perfume. A day or so later, he would drive up to the couple's house and take them for an after-dinner ride. When the wife got in the car, she smiled. The car smelled good. In fact, it smelled just like her.

She was amazed. The salesman smiled. Before leaving the garage, he had sprayed the car's interior with her brand of perfume. More important, he also pointed to the car's luxury--to things such as its beautiful upholstery and ease of operation.

This salesman had a flair for sensing what appealed to specific people. He knew that most women were more interested in appearance factors than in facts about machinery, and he had "set the scene" right for telling his story to this particular woman.

Another more recent case is that of a short, plump woman trying on fur coats in a prestige department store. She kept laying aside $1,500 coats with the statement, "This one doesn't do anything for my figure."

She was about to walk out when the saleswoman called the store's fashion consultant. "Of course, that coat doesn't do anything for your figure," the fashion consultant exclaimed, "and we won't sell it to you." Together, she and the saleswoman helped the customer find the coat that, in their words, "adds queenly height to your figure."

The fashion consultant was doing the same thing the car salesman did. Both recognized their customers needs. The difference was that the young fashion consultant had been educated to look for cues in the customer's actions.

To a degree, small marketers can educate themselves to recognize such cues. Look at some of the items in your store or shop. Ask yourself why people buy them.

For instance, why do women buy gloves? To keep their hands warm? In August's humid heat? Women also buy gloves because they are a fashion accessory. Thus, gloves should be sold in departments that feature fashion accessories, as well as in "clothing" departments.

Look at the packages on your shelves, Often, they are the result of much motivation research. The same baby food, for example, generally sells better in glass jars than in cans. Mother feel it is better food when they can see it. Another advantage of jars is the convenience of the screw top.

Much point-of-sale advertising and display material is also a product of MR. Study them for cues to your personal selling. If you are a wholesaler, you will want to pass such material on to your customers when the manufacturer sends it to you. You can also help your customers to find the tip-offs to personal selling that is in the material.

Your customers and the way you, your products and your services affect them are more important than your products and packages. Listening to your customers--observing how they react to you, your product, and your way of doing business--can provide you with vital information to help you do a better marketing and merchandising job.

Even if you never buy any motivation research, try to keep up with it. Try to use what the manufacturers pass on to you. Use it as an aid to your work of understanding the people who buy your merchandise. Use it also to help develop new ways of attracting new customers.

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Competitive Strategy

SMALL BUSINESS ADMINISTRATION •
U. S. Government Agency

SMALL MARKETERS AIDS No. 114

Washington, D.C. June 1965

PLEASING YOUR BOSS, THE CUSTOMER

By Dwayne Laws

Executive Vice President, National Retail Hardware Association, Indianapolis, Indiana

SUMMARY

Successful retailers strive to please their boss, the customer. They realize that he is the boss because a wide choice of retail stores, money in his pocket, and easy transportation enable him to shop and buy as he wants.

This Aid is designed to help owner-managers of small stores to think about what is involved in pleasing the customer. Among other things, it discusses: why customers buy, where they buy, and when they buy. Also included is a list of questions which should be helpful in determining the kinds of people which the store serves.

An important factor in successful retailing is realizing that the customer is the real boss. He "makes" a store as he gives it his patronage. He contributes to its failure when he makes his purchase elsewhere.

As boss, the customer can be a hard taskmaster. Sometimes he may be ignorant, but you, the retailer cannot afford to ridicule or belittle him or his ideas. He may be arrogant, but you dare not express your true reaction to his arrogance. He may be demanding, but, to the best of your ability, you and your employees must attempt to meet his demands.

The fact that the customer is boss means that a small retail store succeeds or fails in direct relationship to how well the retailer understands the customer he serves and how well he adapts his sales floor and business procedures to fill the customer's needs. Goods will move rapidly only if you offer the customer what he wants--and in the way he wants to buy it.

An important reason for the customer being the boss is prosperity. Incomes have been increasing so that many people have become "affluent" customers. They have more money to spend, and they exercise a strong voice as to where they will spend it.

Although many factors determine where the customer buys, he is the one who makes the decision. For many years, he tended to do business near his home because transportation to other areas was complicated and slow. Today with money in his pocket, he delights in getting into his car and driving over a network of good streets and highways to try out new shopping areas.

No longer is the customer compelled to accept any one retailer's products and methods. Now he has a wide choice of retail outlets. So keep in mind that some very slight dissatisfaction with your store, or a slightly better approach by a competitor, can lead him into that competitor's store.

To succeed you have to please your boss, the customer. And this Aid is designed to help you think about what is involved in satisfying his increasing demands.

WHY DO CUSTOMERS BUY?

Customers buy because they would rather have products than the money with which they pay for them. In more detail, here are five reasons which should help you understand customers and how to deal with them:

(1) Customers buy because they need the product. Most items purchased in a hardware store, for example, are bought to fill an immediate need. Pots and pans are needed in every home. A do-it-yourselfer needs hammers and nails. A painter needs paint, brushes, and supplies. But even though a customer needs such things, he has a choice among several brands and styles of products. It is your job to show him how a specific kind of product, which you have in your store, will best fill these needs.

(2) Customers buy because they can use a product. They could easily get along without certain items because they do not really need them. Yet they often buy the items anyway. A large percentage of sales in hardware stores, for example, involve such items--they are desirable but not essential.

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Therefore, the successful hardwareman puts extra effort into promoting and selling items such as electric can openers and ice crushers. Customers buy them for the convenience and satisfaction they provide rather than because they are necessary. In addition to adding a convenience that most families enjoy, such products help put spice into living.

(3) Customers buy because the purchase will add to their wealth. For example, home owners buy materials and tools which they use to increase the value of their homes or to protect the investment which they have made in it. Seed for the lawn, and the awnings, and fences also add to property values. Moreover, some tools are purchased by customers to help them produce items which can be sold, or render services for which they will be paid.

(4) Customers buy to satisfy their pride of ownership. Many customers like to keep up with their neighbors. Thus they buy the latest items in order to build up their status with neighbors and friends, as well as for the greater living comfort which the products offer.

(5) Customers sometimes buy as a safety precaution. Home owners, for example, want safe homes so they buy items for precautionary purposes. Sometimes, they buy new step-ladders to replace rickety old ones. Sometimes they buy materials for building fences around backyards to protect their children.

WHERE DO CUSTOMERS BUY?

Although many factors influence customer's decisions on where they buy, the store's reputation is a big one. Customers place the "image" which a store creates high on their list because they like to be a part of success.

They want no part of failure. When a store reflects an image that is out of step with the times, most people don't like to be seen shopping there. When a store ignores the subtle psychological effect of the image it creates, the retailer pays for his disregard of customer behavior through lost sales and profits.

On the other hand, if you and your firm have a reputation for being in step with progress--offering up-to-the-minute merchandise in an exciting way--people will boast about buying from your store. This is the same kind of impulsive reasoning that makes some people pay hard cash for a label on a coat.

In examining where customers buy, put yourself in their shoes. Why do you buy suits, shoes, and groceries in certain stores? Have you changed your buying habits recently? Why? If you have remained loyal to one retailer for a long period, why have you done so?

By analyzing yourself and your own shopping habits you should learn a lot about your customer. He is probably very little different from you. Little things can quickly cause him to shift his patronage. It may be that the store is in an out-of-the-way location or it looks old and rundown. Or he may change because of poor salespeople who ignore him. Such seemingly "little" things are really not little if they increase or decrease your sales and profits.

WHEN DO CUSTOMERS BUY?

Some small retailers try to gear their operations to the leisurely pace of yesteryear. They like to determine the hours their stores will open and announce them to the customer. This practice is a mistake in the present competitive era.

The customer is not in a mood to be told when he must shop. To him, shopping in the evening has become a way of life. And in some areas, Sunday hours are pretty firmly established.

Many people--including retailers--might like to see a return to a more leisurely pace, but it is not likely to come. The fact is that except for legal restrictions--"blue laws"--the customer controls the hours in a successful store just as he controls everything else.

With this thought in mind, you may want to examine your opening and closing hours. If your store is in or near a large city, the chances are you should be opening later and closing later than if it is in a rural area.

WHAT TYPE OF CUSTOMER DO YOU SERVE?

In working to please customers, it is important to know the type of customer you serve. Although you can't divide your customers into absolute and inflexible groups, you can reach some general conclusions as to what kind of people they are, and such knowledge can help you decide on the best ways for pleasing them.

The following questions should be helpful in jotting down your conclusions about: (1) the kinds of people you are serving, or seeking to serve; (2) what they need, want, and will buy; and (3) how you can serve them best.

Talking with two types of customers can be helpful in working out answers to the questions listed below, especially to questions 1 through 6. One type is your best customers. The other is composed of persons whose income, business, social status, or location makes them logical customers even though they are not regular patrons of your firm.

1. When do my customers like to shop?
_____ a.m. to _____ p.m.

2. Do my customers like to shop during evening hours? If so, what nights of the week?
_____.
What hours? _____ a.m. to _____ p.m.

3. How do my customers like to pay?
_____ percent, cash
_____ percent, 30 days credit
_____ percent, revolving credit

4. What quality of merchandise do my customers usually buy?
_____ percent, top quality
_____ percent, moderate quality
_____ percent, low quality

5. What type of store has most appeal to my customers?
_____ percent, new and flashy
_____ percent, conventional, service type
_____ percent, discount type

6. How do my customers handle service on the mechanical products they have bought?
_____ do-it-themselves
_____ use service which is already available in the community
_____ use available service and would buy more if it were available

7. Who does most of the buying in the homes of my customers?
_____ percent, the man
_____ percent, the woman
_____ percent, they shop together

8. What is the income level of my average customer?
_____ above average
_____ average
_____ below average

9. What is the age level of my average customer?
_____ elderly
_____ middle aged
_____ young and recently married

10. What is the general attitude of my customer toward his community?
_____ proud and helping to develop
_____ settled and satisfied
_____ disturbed and moving out

11. How does my customer react to new and different merchandise or promotional activities?
_____ responds quickly
_____ responds slowly
_____ responds so slowly that I cannot afford to put great effort into it

12. What major changes has my customer made in the last 2 years?
_____ income increased steadily
_____ income declined
_____ changed shopping habits

You may also find it helpful to observe your competitors. For example, you can form an idea of how well your customers will respond to new merchandise and to promotions by watching how people respond to the promotional efforts of your competitors. If their well-planned promotions draw customers, then similar promotions of your own should attract customers to your store.

ADJUSTING TO THE CUSTOMER'S NEEDS

The customer is a changing boss because his needs and wants change. This fact means that successful retailers are constantly adjusting their methods. Although the customer's desires don't change quite as fast as the weather, you can be sure that his needs and demands do change and sometimes at unexpected times and in unforeseen directions.

Some retailers make the mistake of expecting the customer to adjust his shopping and buying habits to conform to their way of conducting a business. The reverse is true. The retailer has to adjust his business practices and policies to the customer's buying habits. No longer can the customer be told "Sorry, we don't conduct our business that way."

So many stores are willing to adjust to the customer's buying habits that he is not inclined to change his ways just to accommodate a certain retailer. Credit provides an example. If a customer wants to open a charge account, he does not feel that the retailer is doing him a favor. Usually, the customer looks at credit as a way of life and takes great pride in his credit rating. Any business policy that makes him feel that his credit is questioned is an immediate reason to take his business elsewhere.

The credit card, in fact, has done as much to change the business world as the light bulb has done to change home life. And the credit card habit is one that no retailer can change. Whether it be the expectation of credit or any other fixed buying habit of the customer, the retailer has to cater to it if he expects to succeed.

OFFERING MERCHANDISE WHICH CUSTOMERS WANT

In pleasing the customer, it is important to offer the kind of merchandise which he needs and wants. For example, a good hardware retailer does not offer tractors and farm equipment to people who live in apartment houses. Rather he offers household items and products that can be used in connection with hobbies.

You should check the basic customer needs in your area to make sure that they are what you have been thinking they were. Then try to fill these needs better than anyone else.

When selecting items to sell, bear in mind that products which have established customer acceptance through advertising usually move much better than products that are less well known or less favorably known. Customers who have in mind a specific advertised product often refuse to take something "just as good."

Offering products that are backed by recent national advertising also helps to build prestige for your store as an outlet for the latest in top quality items.

DISPLAYING GOODS ATTRACTIVELY

Such products must be displayed properly if customers are to buy. Displays should be attractive and placed so shoppers cannot help but see them.

Yet some retailers make the mistake of displaying merchandise in a haphazard manner. They maintain a store layout which suits them rather than the customer.

For example, these shortsighted merchants forget that aisle space is for customers. They cut down on aisle-size to get more merchandise into their stores. Sometimes they even use the aisles for temporary storage of merchandise. And all too often it stays there and becomes a permanent--but not an effective--display.

True, they do get more storage space per square foot. But too often the price these retailers pay for this achievement is a reduction of their customers-per-month figures. It does little good to have tons of merchandise if you do not have enough customers.

Keep in mind that aisle space is just as important as display space. Display space is where the merchandise is kept so the customer can see it and make a buying decision. Aisle space is necessary to get the customer to the displays and to give him room to stand while doing his looking. Either is worthless without the other.

You should remember also that the customer is demanding. He is likely to become more so. However, retailers, who look at the customer as the real boss of the business and offer him what he demands, discover that the customer rewards well those retailers who cater to what he needs and wants.

FOR FURTHER INFORMATION

Businessmen interested in exploring further the subject of pleasing the customer may be interested in the following references. This list is brief and selective. However, no slight is intended toward authors whose works are not mentioned.

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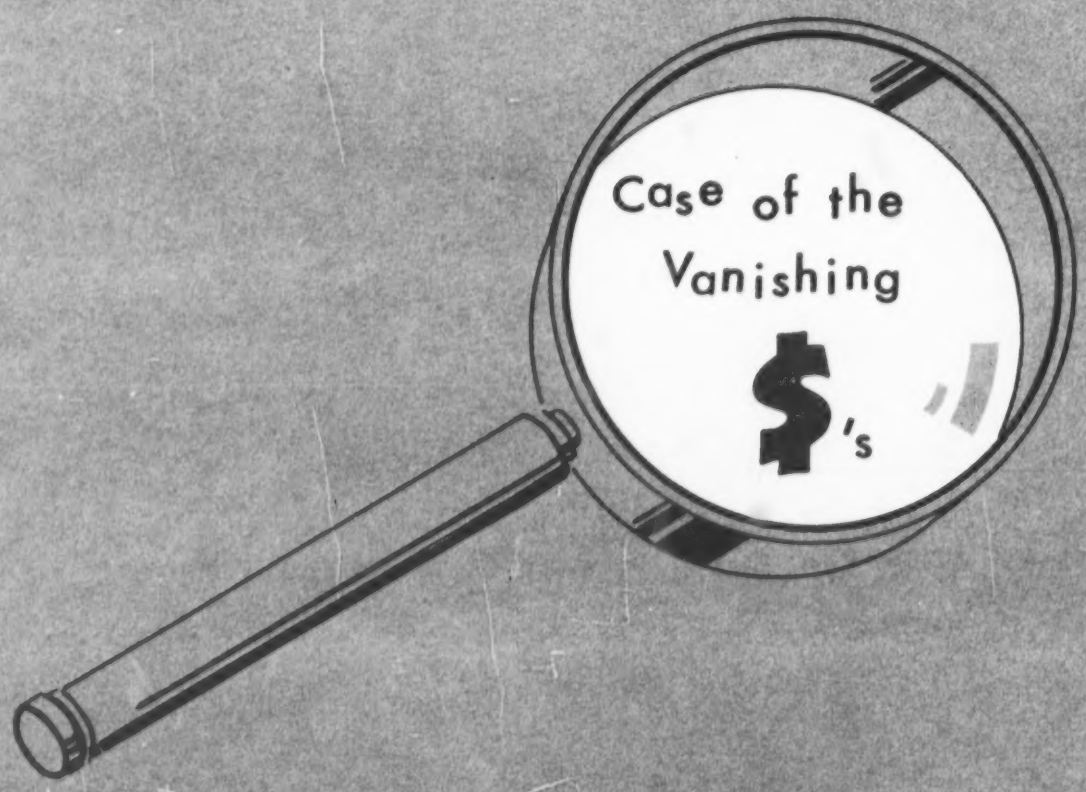


CASES IN POINT

Case Studies for Depth Penetration

Section

The case method has proven stimulative and effective in many administrative management courses. The following case material is suggested as a means of encouraging discussion.

It is suggested that one full session be devoted to the presentation of the topic as outlined in this manual. A case can sometimes be used to stimulate or augment the discussion period that follows the presentation. This could be one way of expanding the basic materials into an advanced course on the subject.

THE CASE METHOD OF STUDY

The case method is a teaching device that helps the student learn through the processes of reasoning and decision making. Other popular teaching techniques stress learning or memorizing other people's knowledge on a given subject. The case method stresses thinking abilities rather than memory; it is dynamic, not passive.

What is a case? It is a description of an ac[illegible]or true-to-life business situation. It is a statement of facts, opinions, judgments—in short, a pr[illegible]m having no pat answer but lending itself to discussion and analysis.

The case method is particularly helpful in teaching businessmen because it uses real, practical problems rather than abstract situations. Properly used, it involves the participants in a way that will hold their interest and stimulate their thinking. It is particularly useful in developing in the individual (1) the ability to make decisions on administrative tasks (without incurring the penalties of a wrong decision on the job); and (2) the habit of thinking analytically and constructively.

The case method also highlights the value of group discussion and analysis. Each member of the group contributes from his unique experience, and each participant gains from the others. The group's knowledge and experience will exceed that of any one participant—including the instructor.

The following checklist can serve as a procedure for conducting case study and analysis:

Suggestions for Case Study

1. Read the case carefully for general content.
2. Arrange the facts of the case in order of importance.
3. Recognize and define the major problem(s) needing solution.
4. Analyze the problems and their relative importance.
5. Search for and establish alternative solutions.
6. Select the most desirable of the appropriate solutions.
7. Analyze your probable solutions; set up the pros and cons, giving value to each.
8. State your choice, decision, or final conclusion—and be prepared to defend it.
9. Set forth the plan or plans you would follow to implement the decision.

NOTHING BUT LOOKERS

Stan Clark and Wilbur Fiddler, two shoe clerks in the National Shoe Store in the Plaza Shopping Center were totaling up their sales for the day. As usual Stan had had a pretty good day compared to Wilbur's mediocre one.

"Stan, you must be made of luck. I just can't understand it," said Wilbur. "You get all the customers and all I get is 'lookers'."

"Do you really think it's luck, Wilbur?" asked Stan.

"What else would it be? It isn't as if I bit off customers' heads or something." replied Wilbur firmly.

"Oh I think you are very courteous and helpful to customers," said Stan tactfully.

"Well, then, what is the matter?" implored Wilbur.

Stan hesitated, then said, "I'm not sure I can answer that, Wilbur. But maybe you don't help potential sales along as well as you could."

"Help them along? What more can I do than show them the shoes, tell them about the quality and see that they fit?" asked Wilbur.

"Oh there's a good deal more than that," suggested Stan. "You have to work to find out what they really want, then help them satisfy those wants."

"I guess I'm going to have to study your methods. I sure would like to improve my sales volume." Wilbur said sincerely.

"I'll be glad to help any way that I can," Stan replied.

That night Wilbur thought things over. Maybe there was something he was doing wrong. He would listen when Stan approached prospects and see what he said in answer to their questions. Then Wilbur had an idea. Maybe Stan would also listen to his sales technique when Stan wasn't busy with customers himself and help Wilbur locate anything he was doing wrong.

When Wilbur presented the idea to Stan next morning, he said he'd do his best to help. The first time that Wilbur had a customer, Stan took his dusting cloth to the display behind the fitting lounge so he could hear Wilbur.

Wilbur began, "Good morning! May I help you?"

The lady customer returned his smile and said, "Why yes, do you have those smart little 'T' strap pumps in anything but black? And in size 6 double 'A'?"

Wilbur shook his head and said, "I'm awfully sorry but we're all out of those in other colors. That was last season's fashion, you know? But we have lots of the blacks in your size. Would you like to try them on?"

Rather regretfully the lady said, "No, I guess not."

"Can't I show you something else?" Wilbur put in eagerly.

Thoughtfully the lady said, "Well, I guess if you have something in beige, something like that only in the newer style. What I wanted was something to wear . . ."

Happily, Wilbur interrupted, "Beige, yes, we've got something in beige. Just came in. Let me get your size and please have a seat over there."

Thinking he was on the way to the sale, Wilbur dashed off for the shoes. The lady started for the seat, saw a display and stopped to examine a dressy pair of black pumps.

Wilbur came back hurriedly with the shoes and the box. He pulled one shoe out of the box and held it up proudly. "How about this one?"

The lady reached for the shoe and said, "Well I don't know. I had thought something a little dressier."

"These are very practical and comfortable." said Wilbur. "Let's try them for size."

"It looks so big!" the lady said as soon as one was on.

Wilbur laughed good naturedly, then said, "Oh come on now, they're only size 6. This one probably just looks big next to the black one you're wearing."

"No, these won't do at all. I'm sorry." she said firmly.

"We've got a dressy little linen shoe in beige trimmed with black." said Wilbur hopefully.

"Wouldn't linen be hard to keep clean?" asked the lady.

"Gosh, I don't know." said Wilbur. "Maybe not."

"No, I wouldn't want linen," said the lady, I was just looking, anyway."

DISCUSSION NOTES—QUESTIONS TO THE CLASS

1. If you were Stan what would you tell Wilbur he could do to improve his sales technique?

2. What questions might Wilbur have asked the customer to develop what she wanted more fully?

3. How do you think Stan would have handled the same customer?

NOTES ON CASE STUDY

"NOTHING BUT LOOKERS" National Shoe Store

The class discussion should bring out the points of "why customers buy" and why they don't. The discussion could be triggered by asking what buying motives the shoe buyer displayed? Those that might be brought out are that of "to be in style", "comfort", and "convenience." Then the instructor might ask the class to pick a psychological trait which best describes the customer: affectionate, ego-bolstering, structured response, or ego-defensive? Hopefully, there will be some difference of opinions as to the trait so respondents should be asked their reasons. Of course, we have incomplete information, particularly because Wilbur blocked several expressions but a strong case can be made for suggesting the "ego-bolstering" trait.

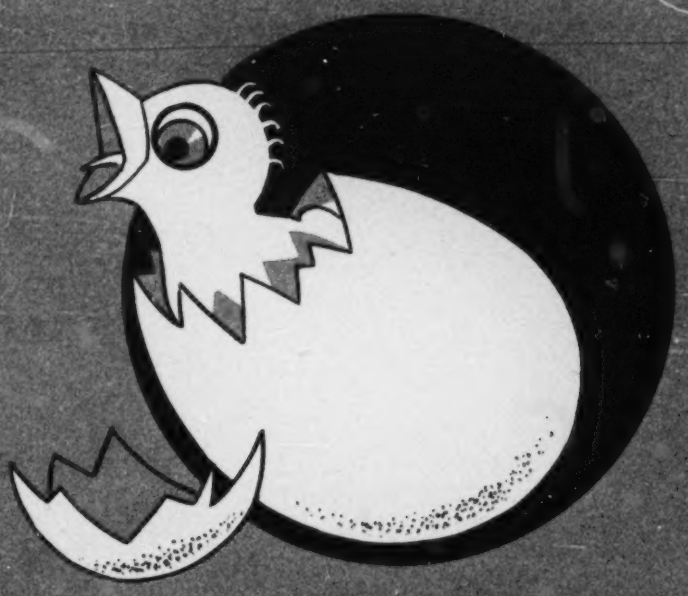
Role playing of the parts of Wilbur and the lady customer might be useful in bringing out how Wilbur could have made a sale by following the principles of "why customers buy."

ANSWERS TO CLASS QUESTIONS

1. Stan might tell Wilbur that he needs to allow the customer an opportunity to express herself fully as a means of learning her buying motives and wants. He might also tell Wilbur that in explaining that the store is out of the other colors, he would have reinforced the sale by saying, "I'm sorry, we are out of the other colors. That has been a very popular line with our customers," rather than the negative point of them being "last year's style." Stan might also say that once Wilbur had determined the buying motives he could have appealed directly to those to help accomplish the sale. He might add that Wilbur failed to overcome an objection by not knowing the answer about the cleaning of linen. The final point Stan might make is that Wilbur ought not to have ridiculed the customer's point about the shoes looking big even good naturedly.

2. Wilbur might have asked "Are the shoes for casual or street wear?" or "What color did you want the shoes to go with?" or even "Do you prefer something in leather or fabric?" And he should have taken notice of the customer's looking at the dressy shoes and found out if she were interested in those.

3. Stan would have determined more of what the customer wanted, followed her leads on buying motives and appealed to those motives. He would surely have made the customer feel important and *not* rushed her to a decision. His would, undoubtedly, have been a positive rather than a negative approach.



THE INCUBATOR

A How To Do It Section

Experience has shown that people achieve maximum benefit from a conference, staff meeting, or training session when a period of incubation follows the implantation of the new idea, new information, or "new slant."

This is a do-it-yourself section that will allow the participants to try out or apply the ideas and information gained from this session.

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SUGGESTED INCUBATOR ASSIGNMENTS

Following are some typical customer answers when asked questions during marketing research interviews. They are intended to trigger discussions by the class on the differences in why people buy. There are no right or wrong answers for the class, rather it is hoped that they will exchange ideas on buying motivations.

Ask the class to tell what they think is of significance to a buying situation in what the interviewees say.

1. "I switched to that gasoline because it is more convenient. The station where I buy it does a lot of little extra things for me. They vacuum the floor, wipe the windows and things like that. They've also got a mechanic there who can make most repairs without all that waiting."

2. "I deal with that firm because they're the biggest in the country. It makes me feel important to have a charge account there. My friends are always impressed when they hear that we deal with an outfit like that. And I figure they're big enough to get in on all the good deals manufacturers save for the important customers."

3. "I've always bought there. My father used to buy there and I guess that's why I do. I know the quality to expect from them and they carry the same brands year after year. I never feel they will do me wrong because they want me to keep coming back."

4. "That store is friendly so that's why I go back there. I like to have them call me by name and invite me to come back. The clerks act like they care about you as an individual."

5. "I consider myself a careful shopper. I only have so much money to spend and I'm going to get all the quality and assortment I can and at the best price offered. I enjoy shopping but I want the option of making up my own mind. The clerk, to me, is just a helper to make my shopping more efficient."

6. "I buy that brand even when it costs more because it symbolizes quality. I've never been disappointed in serving it to my guests or to my family. I know that a company with a brand name to protect is going to hold the standards high. It's worth more to me."

7. "There are only two reasons for buying an automobile. Either for transportation or for prestige. So I figure the only choice is between the cheapest and most economical to operate or the most expensive."

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U.S. GOVERNMENT PRINTING OFFICE : 1967 O—278-783

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